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THE FIRST CZECHOSLOVAK ECONOMIC PLAN

THE EXPLANATORY MEMORANDUM ON THE BILL AND THE TEXT OF THE TWO-YEAR ECONOMIC PLAN ACT

With a Preface by

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FROM LIBERALISM TO A PLANNED ECONOMY

By Dr. Ing. Edvard Outrata,
President of the Central Planning Commission.

It is, in my opinion, unnecessary to do more than mention how unanimous in Czechoslovakia is the conviction as to the impossibility of returning to the pre-War organization of economy with its periodic crises and chronic unemployment. Czechoslovak public opinion is equally strongly convinced that a "planned economy" is the most suitable substitute for the now obsolete pre-War economic régime.

In Czechoslovakia, planned economy was not introduced as the artificial product of doctrinal theory, but rather in answer to a vital necessity. Above all, there was the urgent need of co-ordinating the various economic factors and, especially, of co-ordinating the activities of the organs of economic policy. In view of the rapid rate of post-War reconstruction, it was of special importance to co-ordinate the day-by-day Governmental and administrative decisions, so that one might not be issued without regard to another. In addition, there was need of perspective, evolutional co-ordination, which is best effected by the Economic Plan, co-ordinating, as it does, the principal sectors of economic life but, of course, only in the measure in which the Planners succeed in estimating correctly future economic trends.

The conviction of the absolute necessity of planned economy was intensified by the desire to take all suitable measures and make every possible effort to shorten the period of post-War disturbance of economic factors and speed up the return to the pre-War standard of living of the population. If we remind ourselves that the return to normal after the first World War lasted a number of years, then we might well suppose that this time the return to peace conditions would last longer still, for the second World War and the German Occupation caused immeasurably more damage to our economy than the first.

In carrying out the transition from the previous system of economic organization to that of a planned economy, it was necessary to keep two basic problems constantly in view. The first was how best to accommodate planning to the highly individual character and structure of Czechoslovak national economy, which has its independent tradition, and has developed on lines, and reached a degree of maturity, marking it off from other states. There was, therefore, nothing for it but to construct a Plan independent of foreign patterns, even though profitable use was made of the planning experience gained in other lands. The Czechoslovak Plan is, in the main, a plan of reconstruction. It is not a total plan, for it deals only with economic "bottle-necks", or about a third of our economy, and with ancillary production, leaving the rest more or less undirected. The Czechoslovak Plan is a sectoral plan and leaves the responsibility for regional planning to those organs, which have, up to the present, been entrusted with the task, except in the case of Slovakia, where planned industrialization will be carried out, and of the economically undeveloped districts in the Czech Lands, in which it will be systematically furthered. The Czechoslovak Plan was worked out vertically from above, that is, without a counterplan worked out from below. These, in brief out-

line, are the chief characteristics of the Czechoslovak Plan, from the point of view of the individuality of economic conditions in this country.

A special problem in the conception and editing of the Czechoslovak Plan was the harmonizing of planned economy with the ideas of political democracy and the formulating of the Plan in such a way as not to impair our democracy and our civil freedoms.

Czechs and Slovaks are so thoroughly imbued with the ideals of civic rights, that it was desirable, in the very act of creating the Plan, to ensure public democratic control of the work of planning. A well-devised method of editing the Plan saw to it that the public, especially the constitutional organs, were not faced with a report of such elaborate complexity as not to allow of their acquainting themselves, in a short time, with its contents and in sufficient detail to rid them of all doubts as to its economic and political feasibility. Democratic control was ensured by referring the working out of the various sections of the Plan to special Commissions made up of representatives of all political parties, and, it may be said, of all sections of society, whose interests were affected. The work of planning was carried out by 18 such Commissions (agriculture; industry; building and civil engineering; transport; the industrialization of Slovak economy; the development of economically less-developed districts in the Czech Lands; basic materials; mobilization of labour; capital investment; price and wage levels; finance and currency; administrative reform; public relations; legislation; export trade; reform of autonomous economic organs; standard of living; culture). The 250 members of these Commissions, along with the Central Planning Commission comprising 15 members, provided sufficient contact with the public to allow of every one interested in planning to acquire information and submit his views and recommendations, while especially the Clubs of *the political parties, members of Parliament and members of the Government were given the opportunity to follow the progress of the work of planning, to bring their influence to bear on it and to procure any relevant data they might require.*

The work of planning was not carried out by a staff of state officials within the framework of departments, but by the Working Commissions organized as above. The bureaucratic staff was thus under the direction of the Working Commissions and had to accept their decisions. It is of interest to note that the Central Planning Commission, which directed all the work of planning, reached its decisions always through the medium of discussion, while not in a single instance did discussions among the 15 experts, representing different political parties, and nominated by them, lead to decisions being forced to the vote. Thus, in all questions of principle, complete unanimity was achieved.

The method employed in the task of planning did not call for any changes in the existing democratic organization of the State, so that the rights and freedoms of the citizen remain unimpaired, though the Plan does demand discipline of a high order from the whole nation for its realization. This fact should also dispel most effectively any doubts which may exist as to the possibility of introducing planned economy into a state which wishes to preserve a multiparty system of democracy.

After the passing of theTwo-Year Plan Act by the Government and the Constituent National Assembly and its signature by the President of the Republic, the Central Planning Commission, by means of its apparatus, worked out operative plans i. e. divided up the global tasks laid down in the Act among the economic units comprised in the various sectors: in industry, among the enterprises and workshops; in agriculture, among the various districts and parishes; in building, among the various units of public *administration etc., so that, from January 1st 1947, every citizen entrusted with some task in the Two-Year Plan knew exactly the nature and extent of the task assigned to him. In working out the operative plans, a distinction was maintained between tasks expressly laid down in the Act and auxiliary tasks, while from the operational plans it is also apparent which tasks fall to nationalised enterprise and which to private enterprise.*

If planning is to be fully successful, it is necessary to watch each phase of the Plan as it is carried out and see that it is realized in such a way as to conform with the tendencies and reach the aims set forth in the Act. In addition to political control, it is necessary to carry out systematic operational control. The Central Planning Commission, in carrying out its functions of control, keeps in view two aspects of the process of translating the Plan into practice. In the first place, the quantitative side, i. e. whether the scheduled production figures are being reached and within the prescribed time limits, and secondly, the scarcely less important qualitative aspect, or whether, in reaching these targets, production costs and the requirements of production are such as or other than those presumed by the Plan, and further, whether the prescribed quality of the products is being maintained or shows an improvement or falling-off. For the purpose of actual operational control, regional observers will be engaged as the chief executive organs of the Central Planning Commission. In addition, there are the various bodies exercising control, each within its own sphere of activity,—Boards of Management over their enterprises, the Managements of the National Enterprises and the Ministries, etc. within their terms of reference.

The type of control produced by the hierarchical structure of the economic organism is apparent from the so-called "running" reports which are sent in to the State

Office of Statistics, worked up by its staff and submitted to the supreme organs of Plan control.

The function of regional observers is not exhausted, however, by tasks of control, for they will form an essential link between the lowest economic units and the central planning authorities, so that, in cases of urgency, it would not be necessary to rely upon the complicated procedural machinery of the official economic hierarchy, but would be possible to discuss, without delay, proposals for overcoming the obstacles standing in the way of the execution of the Plan. Regional observers fulfil an important task in their assigned area, and their reports, submitted to the Central Planning Commission, will be invaluable aids to the evaluation of the Plan as regards the requirements of the various regions.

A sound basis for qualitative control in the first Czechoslovak Plan is provided by the reform of business accountancy as laid down in the Act of May 16th 1946 (No. 116 Sb.). In accordance with the Act and the rules for giving effect to its provisions, a unified system of accountancy obtains in all departments of industry. This permits of a comparison of the results in the individual economic units and so creates a reliable basis for rapid and easy control of the Plan especially on its qualitative side. In introducing a unified accountancy into industry, it must be borne in mind that, through the change-over from liberal to planned economy, free competition which, formerly, was the primary regulator of prices and economic activity is largely done away with. The necessity thus arises of finding some other gauge of a rise or decrease in the efficiency and in the profit-making capacity of industry and one which would, at the same time, act as a lever for the regulation of prices.

In Czechoslovakia, the technique of planning is now being evolved. It is a task of no small difficulty, but one *to which we devote ourselves with enthusiasm. It is essentially pioneer work, in which foreign models are of little assistance, for, in planning as in every other branch of our national activity, we must find a method, which is not only adapted to the economic structure of our country, but is in keeping with our democratic, social and historic tradition.*

THE TASKS AND CONDITIONS FOR SUCCESS OF THE FIRST CZECHOSLOVAK ECONOMIC PLAN

(Explanatory Memorandum on the Two-Year Plan Bill.)

I.

THE BASIS FOR A PLANNED ECONOMY IN CZECHOSLOVAKIA

Even during the War, national representatives in exile agreed on the principle that, in the newly-constituted State, our economic life must run according to a carefully worked out plan. The President of the Czechoslovak Republic, Dr. Edvard Beneš, made the following declaration, on February 3rd 1944, in his fourth Message to the People of Czechoslovakia from London: 'Our State will carry out a number of economic and social changes and will adopt the principle of a 'planned' political and economic policy.' The Košice Programme declares, in section XII, that the whole financial system of banking and credit-granting institutions, the key industries, the insurance business, the natural and power-producing resources of the country must be placed under the general control of the State. The reconstruction programme of the third Government of the National Front of Czechs and Slovaks has developed the idea of a Two-Year Plan for the constructive rehabilitation of the Republic in the years 1947 and 1948. This reconstruction programme contains the following statement: "The Government takes as its basic assumption that work alone is the true and permanent source of a nation's wellbeing and its greatest asset. The new popular and truly democratic Government which was placed in power on the liberation of the Republic has succeeded in harnessing the great working potential of the broad masses of our people, in both town and country, thanks to which we have been able to avoid social disturbances and to overcome the most pressing problems raised by the Occupation and the War. On this basis, we can work out a Two-Year Plan for the reconstruction and rehabilitation of the Republic for the years 1947 and 1948. The main idea on which the Two-Year Plan hinges is increased production of capital equipment and consumer goods above the pre-War level so as to satisfy our people's relatively higher standard of living."

We shall thus go over to systematic and purposeful economic planning which will allow of a more complete and rational exploitation of the whole economic machinery of the State, of labour reserves, of raw materials and sources of natural energy and, at the same time, somewhat facilitate the task of exploiting the increasingly complicated machinery of the country's economic activity.

The first step towards carrying out the programme of reconstruction of June 8th 1946, was made by the Government in a resolution dated June 16th 1946, which entrusted the individual members of the Government with the task of initiating the necessary preparations for the shaping of the Two-Year Economic Plan. A special commission of experts was also set up to organize and give direction to the whole work of planning. The committee of experts is now generally known by the name of the Central Planning Commission. The preparatory work for the framing of the Bill incorporating the legislative measures for the carrying out of the Plan was delegated, on the one hand, to the organs of the Economic Council (General Secretariat, State Planning Office) and, on the other, to the Central Planning Commission with its sixteen Working Committees, and to a number of Subcommittees attached to the Economic Council.

On October 8th 1946, the acting President of the Central Planning Commission. JUDr. Eng. Edvard Outrata handed over a draft of the Two-Year Plan Bill to the Prime Minister Klement Gottwald. The Government discussed the clauses of the draft in detail and then tabled it as the Bill relating to the Two-Year Economic Plan of October 16th 1946 in the Constitutive National Assembly. The Bill went through the Committee stage, and, on October 25th 1946, passed both readings. On October 28th the Bill received the signature of the President of the Republic, Dr. Edvard Beneš.

The Bill relating to the Two-Year Plan constitutes a precedent for a new type of law in the Czechoslovak legislative system. This is understandable for it was only their fate into their own hands, from which it follows that, planning could become a reality. The Revolution introduced a new political and social order based on the principles of a People's Democracy and this new social and political order has its natural counterpart in an economic system of planned economy. A People's Democracy requires that the people should govern themselves and take their fate into their own hands, from which it follows that also in the economic sphere, the management of affairs should be their responsibility.

The chief pre-condition for planning was the nationalisation and democratisation of large economic units and even of whole branches of economic enterprise in our country. As a result of nationalisation, 60—70 % of Czechoslovak industry as well as all the banks on a shareholding basis and all types of insurance have passed into the hands of the State. Thus all the chief means of production, the major part of the country's financial resources and all contractual insurance passed into the hands of the nation as a whole, so that in these highly important branches of our national economy, there was nothing to stand in the way of direct planning.

Not nationalisation alone, however, but the changes in the organizational and internal structure of the nationalised sectors of our economy which accompanied it, provide the necessary basis for national planning. The centralized management of the nationalised industry effected by individual Boards of Directors, the Central Banking Board and the Insurance Advisory Board, along with the newly planned organization of economic autonomy, which latter will be entrusted with certain of the functions of public administration, are the newly-created instruments of the policy of planned economy and will ensure the harmonious co-operation of the national and privately-owned sectors of our economy in carrying out the Two-Year Plan. Without such organization a planned economy would scarcely be feasible, for it is not only a question of constructing and approving plans, but also one of their execution and control.

The chief factor, however, on which depends the success of planned economy is the full participation of the broad masses. The people now look upon the nation's economic resources as their own and are prepared to make any sacrifices which may be necessary to ensure their full development, in the consciousness that it is they themselves who will finally benefit from the fruits of their labours. Planning is no mere juggling with figures, nor is it the result of the work of a small group of experts —it is, above all, the purposeful activity and participation of the masses of the people in fulfilling the tasks laid down in the plan, and the most important guarantee of its success lies in the new idealism which, since the Slovak Rising and the May Revolution, has given to the people of both town and country a strong dynamic incentive to work and effort.

II.

THE INDIVIDUALITY OF OUR PLANNING

The Two-Year Plan places our Republic among the states which have or intend to have a 'planned' economy. In the period between the two Wars, the Soviet Union alone applied the principle of systematic planning to its economy. During the last War, a large number of states introduced different forms of planned economy of which some have been carried over, with certain modifications, into peace-time economy. In certain countries, among which western countries are also included, the system of controlled economy was so extensively and intensively employed that some economists do not hesitate to apply to it the term 'planned' economy even though it is adjusted to comply with the principle of private initiative in enterprise.

Another group of countries radically rejected the policy of a merely 'regulated' economy and decided for a system of nationally planned economy; among these are, for instance, Poland and Yugoslavia.

The Czechoslovak system of planning will certainly learn what it can from the experience gained by other countries, and especially by the Soviet Union, but it will not be cut to any foreign pattern nor will it be an imitation of any existing form. We have our own economic tradition, our economy has developed on individual lines and has its own characteristic structure. We are thoroughly aware of this and, just as we go our own ways in the political sphere, so also in the spheres of economy as well as of planning, we shall seek a solution in keeping with our national character and adjusted to the special needs of our economic organism.

The Two-Year Plan is Czechoslovakia's *first* plan and for that reason will have to contend with a great lack of organizational and practical planning experience. Indeed our planning apparatus has still to be built up, so that there is nothing for it but to create the machinery of planning as we go along.

There are a number of other reasons, in addition to those given above, why our planning differs from that of other countries. Our primary aim is to restore our economy to its pre-War footing, while the aim of expanding our economy is only of secondary importance. First of all, our most urgent need is to get our economy into working order again after ruthless exploitation during the Occupation and the ravages of War, so that our people may enjoy a decent standard of living. Our Two-Year Plan is not, as was the first Five-Year Plan of the Soviet Union, the planned re-disposition of the country's whole economic structure, for we shall, in general, retain the existing structure.

This is also the reason for our limiting ourselves to a *Two-Year Plan,* for we reckon that this period will be sufficient for the carrying through of economic rehabilitation. It is, therefore, not necessary that a plan, the principal aim of which is economic reconstruction, should embrace a period of more than two years.

Though short-term planning is our immediate objective, certain indications of the elements of long-term planning are not lacking. Within the period envisaged by the Plan, an advance to a higher level of technical development is provided for in certain branches of our economy.

A further feature of our Two-Year Plan is the limited scope of its application, for planning will be applied only to certain sectors of our economy.

1. In *industry,* those branches will fall within its scope which, according to the Government Programme, are of basic importance, as their retarded development would act as a brake on economic recovery generally, and on which our chief effort must therefore be concentrated. These are the so-called 'bottle-necks' of industry. The chief tasks outlined in the Government Plan to be achieved before Czechoslovak economy can be put on a sound basis, may be classified under four principal heads:

a) The first group includes the industries for the production of power—that is coal, brown coal, electricity and fuel. It is clear that the Two-Year Plan can only be realized if all our power-supplying resources are fully exploited, for which reason the Government programme gives priority of consideration to this group;

b) the second group consists of the following basic industries: iron, steel and artificial manures, as a sufficiency of these commodities is necessary if economic habilitation is to proceed in other branches;

c) the third group covers the most important classes of capital goods such as railway coaches, locomotives, tractors, motor-trucks and lorries and agricultural machinery,

d) while the fourth group includes the production of the principal consumer goods—especially the footwear and clothing industries.

2. In *agriculture,* the Government programme makes special reference to the need for increasing production of meat, fats, milk and eggs, of which foodstuffs there is, at present, a very severe shortage. As the problem of agricultural production is inseparably connected with the problem of an adequate supply of labour, the Government

programme lays special emphasis on the mechanisation of agriculture.

3. In the *building industries,* the Government programme has set itself the target of providing 125,000 dwellings, in order to reduce the acute housing shortage and further to repair public buildings damaged by the War and as a result of the Occupation. A policy of building investment must also be carried out on a considerable scale in industry, agriculture and transport.

4. As regards the *transport system,* the Government programme requires an increase in capacity and efficiency such as will bring it up to the standard of the year 1937.

All these targets have been taken over from the Government Programme and incorporated in the Bill relating to the Two-Year Plan, though some modification may be needed to co-ordinate the various parts of the plan into a harmonious whole.

The same work of planning will be extended from the key branches of our industry enumerated above to other sections, and in the first place to the so-called ancillary branches of production which are essential to the processes of basic production (e. g. tyres). Further, planning has been applied to those industries which are necessary for the supplying of indispensable capital equipment, as, for instance, plate-glass, machine-tools, etc. Finally, within the basic groups themselves, the classes of goods with a scheduled production have been increased, as for instance by coke and gas in the power-producing industries, and by sugar and beer among consumer goods. In principle, only those sections of our economy incorporated in the Bill which relate to the extended production plans of the Government programme and their 'ancillary' industries, are directly planned, in the sense that production figures have been fixed. We shall, however, extend planning to the rest of our economy.

Even so, the quantitative production of other goods is determined *indirectly* by ascertaining first the amount of labour, raw materials and capital investment which will be required for the carrying out of the tasks laid down by the Government Plan; what remains of labour, raw materials and industrial credits will then be apportioned to the other branches of production. Not, however, till the final phase of planning was reached, were the production figures fixed for certain other branches of industry which have only been planned in outline, for the determining factor was not the demand for their commodities but the amount of labour, raw materials and industrial credits available after the more pressing requirements of the basic industries had been satisfied.

Although the Plan is worked out in considerable detail, it does not embrace all branches of our industry. Certain of these, as indicated above, are subject to indirect planning, through a system which, after expert consultation, will allocate labour, raw materials and industrial credits on a basis of carefully calculated priority. The Central Planning Office, in preparing the Plan, took as their starting point the 'bottle-necks' of industry, which hinder the full exploitation of the existing means of production, and shaped the Plan so as to provide for their gradual expansion. In this way, they aim at achieving economic rehabilitation and at raising the standard of living of the working people to the pre-War level.

The Plan as contained in the Bill is finally in principle a *sectoral* plan, for it consists of separate plans worked out by the various branches of industry such as the building, agricultural or transport industries—and then co-ordinated in the General Economic Plan. Regional planning, on the other hand, would take as its starting point the economic needs and productive potential of the various zones and would merge the various regional plans into one national plan. In fully developed planning, both types are required to supplement each other; sectoral planning, alone, is not sufficient, for the aim of all planning is to make full use of the country's economic potential and so also of her local economic resources. The co-ordination of local needs and resources is indispensable, if for no other reason than that a considerable part of the local resources can only be exploited on a regional scale.

Perfect planning thus demands the most effective co-ordination and balancing of sectoral and regional planning. The Two-Year Plan is, however, only a beginning. It is necessary to concentrate our main effort on the basic industries, the healthy expansion of which is essential to all-round economic development, and for this reason, planning began within individual groups of industries. The separate plans worked out by them were then harmonized and co-ordinated by the Central Planning Commission.

The Two-Year Plan though, in principle, a sectoral and not a regional plan, contains elements of regional planning. The Government Programme, in fact, envisages, as one of the important tasks of the Two-Year Plan, the laying of the foundations for the industrialization of Slovakia. It further lays down that special attention must be devoted to the economically weaker districts of the Czech Lands—especially those of southern Bohemia, the Middle Vltava, Podbrdsko, the Czecho-Moravian Heights, Valašsko and the districts inhabited by Moravian Slovaks (Slovácko).

The Bill, therefore, contains a special section relating to the industrialization of Slovakia within the period of time allowed by the Plan, and further defines the methods by which the economically weaker districts of the Czech Lands are to be assisted. The Plan, however, remains essentially a sectoral plan, for we cannot proceed to the satisfaction of local requirements before the targets set by the general Plan have been reached. The erection of electric-power stations in Slovakia, for instance, or the expansion of the food industry in the poorer districts of the Czech Lands will only be possible if the industry supplying the necessary plant or the mining and energy-producing industries which supply the required power realize the production figures fixed by the Plan. Nor will it be possible for either the one or the other regional scheme to be carried out, unless the general plan for the national mobilization of labour is successful.

From a proper realization of the relation between sectoral and regional planning under present conditions, the limits are indicated within which local initiative can be effectively developed. The chief interest of local planners must be concentrated on the task of how best to ensure, in their local sphere, the fulfilment of the national Economic Plan. To place local interests before national interests and demand for them priority of fulfilment might well threaten the basic tasks of the national Two-Year Plan, whereas the marginal exploitation of local resources is a valuable contribution towards the realization of the national Plan within the given time-limit, while at the same time helping to satisfy local requirements within the frame of the Plan.

It is not, however, merely a case of incorporating certain regional elements into contemporary sectoral planning. The work of local and regional planners is important, too, as an indispensable preparation for a future ideal plan which will be a perfect synthesis of both these types of planning.

The Two-Year Plan is finally a *centralizing* plan, for it is top-level planning, while planning at lower levels must, meantime, remain in the background. Planning which would proceed from single units of industry could not yet be realized, as we have neither the time nor experience to begin to plan simultaneously both extensively and intensively. It was impossible to make inquiries of all the enterprises in the Republic as to what plans they have and what they would like to do, and then co-ordinate these plans in a central plan. It was necessary to do it the other way about and define, first of all, certain basic aims and distribute the tasks which their fulfilment entailed among the different enterprises, while, of course, taking into consideration the individual conditions for production.

Low-level planning had, indeed, to be considerably curtailed, so that individual concerns might the better concentrate on the task of producing the greatest quantity of goods in the most rational way with the raw materials, fuel, equipment and labour resources placed at their disposal.

III.

THE CONTENT OF THE PLAN

A. INDUSTRY.

According to the Two-Year Plan Act, the total volume of production must show an increase of 10 % on pre-War production by the end of 1948, though the country's labour force will decrease considerably with the transfer of the Germans and Hungarians. If this aim is to be achieved, the labour force in industry must equal that of the year 1937, while the productivity of labour, or the average yearly output of the worker must be 10 % higher than in 1937.

Industrial production will not be increased in all branches of industry at the same rate. In nearly all key industries that are made special mention of in the Government programme, the planned increase in production, compared with pre-War figures, is higher than the overall increase. The estimated average increase of production in these branches will amount to almost 150 % of the 1937 figure as compared with 110 % in production as a whole. From this it follows that production in the remaining branches of industry will not reach pre-War level, but will remain, in fact, some 10 % below it, if the total industrial production is to be 110 %, and production in the key industries 150 % of the pre-War figures. (According to statistical data, the market value of production in the key industries in 1935 represented about a third of the total value of production; the equation for the total increase in production is, therefore, $150 \times 0.33 + 90 \times 0.67 = 110$.) This, however, does not mean that production in the other branches will be lower than at present, for, in no branch, has production reached even 90 % of the pre-War level, so that here, a great effort must be made to step-up production.

The formulation of the tasks to be assigned to industry, as laid down in the Act, are based on 17 detailed draft proposals put before the Central Planning Authorities.

We may, even now, be assured that the main goal of the Government Plan—the overall increase by the end of 1948 of the volume of production by 10 % over pre-War production—will be reached. The individual tasks laid down in the Government programme will be achieved as regards the total volume of production for 1948, except in a few cases where it was necessary in finally formulating the Plan to increase or decrease the target figures.

We append a short survey of the sections of industry expressly referred to in the Act:

1. Mining Industry.

The Government programme fixed the output of coal for the year 1948, at 16.7 million tons. On working through the coal balance, however, this quantity was found to be insufficient to meet the extensive economic requirements essential to the realization of all the tasks of the Two-Year Plan, and so the original target of 16.7 million tons of coal in the Government Programme has been raised, in the Two-Year Plan Act, by a million tons to 17.75 million tons. The increase is to be achieved in the following ways:

a) The miners in Moravská Ostrava have promised to re-arrange their working hours on Saturdays from January 1st, 1947 so that instead of working for six hours a day on four Saturdays, they will work eight hours a day on three Saturdays, and the fourth Saturday in the month will be a non-working day. This will allow of a more economic use of the working hours and will increase the yearly output in the Ostrava-Karvinná coal-fields by about 120,000 tons.

b) The number of holidays has not—at least, during the period of the Two-Year Plan—to exceed 12 in the year, which means a further increase in output of 360,000 tons in the Ostrava-Karvinná coal-fields alone.

c) If the miners work three 'national shifts' a year—and we may, with certainty, count on at least this number—the output can be further increased by 135,000 tons yearly in the Ostrava-Karvinná coal-fields alone.

In other coal-fields, too, the favourable effect of the reduced number of holidays and the introduction of 'national shifts' should make itself felt.

The original production plan for the mining industry did not reckon with all these reserves, and it is thus possible, by taking these three new factors into account, to achieve an increase in output of about 600,000 tons of coal in 1947, which would, according to the Plan, just satisfy industrial requirements for that year. It is hoped, too, that during 1947 more pits will be opened, which will then swell the output for 1948, and that the first effects on production of increased mechanization will make themselves felt and so create the pre-conditions for the million ton increase in coal production, in 1948, over the target presumed in the Government programme.

Coal production is confined to the Czech Lands.

As regards brown coal output, the Act has taken over the figure of production fixed in the Government Programme of 23.9 million tons, of which 924,000 tons are to be mined in Slovakia. This relatively high output of brown coal is necessary, as the Plan reckons with a considerable switch-over from the use of bituminous coal to that of brown coal.

The realization of the scheduled figures does not demand as high an output of coal per man-hour and shift as before the War. In the Ostrava coal-fields it is hoped to achieve, in 1948, 91 % of pre-War labour productivity; in Kladno the pre-War level should be approached with the target figure of 98 % of the 1937 output, while in the remaining coal-fields the planned output is fixed at 86—90 %.

In brown-coal mining, the Most coal-fields are to reach the pre-War level, and in the other coal-fields in the Czech Lands, production should remain very little below it. In Slovakia, 89 % of the 1937 production is aimed at.

The draft of the Bill assigns to the mining industry a number of tasks in addition to those outlined in the Government Programme. The output of iron ore in 1948 is to reach 94 % of the 1937 production. More than $^2/_3$ of the iron ore production is to be supplied by Slovakia—a larger proportion than before the War, the reason being that the quality of ore mined in the Czech Lands has been declining in recent years. A further task is the production of coke, in which the mining industry is to participate to the extent of 2,170,000 tons in the year 1948.

In order to reach the targets enumerated above, a labour force of 20,700 more workers is required for the mining industry. This figure covers the loss in labour caused by the transfer of the majority of German miners and the superannuation losses among Czech workers. This new labour force is required to enter the mines this year, if possible, or at the beginning of 1947 at the latest.

Within the period of the Plan, the mining will concentrate its main efforts on raising the standard of its enterprises to at least pre-War levels. The damage caused during the War, and especially during its final phases, by the ruthless plundering of mineral wealth and neglect of adequate maintenance essential to keep plant and equipment in running order, is to be made good. Planned investment in capital works will make possible the fulfilment of the tasks set by the Two-Year Plan; a relatively larger labour force will also have to be employed than before the War. The mining industry is working out a detailed plan for the mechanization and the rationalization of all mining enterprises in order to reduce production costs to a minimum.

2. Power-supplying Industries:

The scheduled tasks of production in the Two-Year Plan Act correspond to those set out in the Government Programmme. The increase in productive capacity is to be achieved by an increase in production of about half as much again of the present output by the public electricity services associated in the Czechoslovak Power Enterprises, while electricity works installed in individual enterprises are to increase their power production by about a quarter. In the latter case, the increase is kept within the limits attainable without capital investment. The reason for this is that, in the future, the National Power Enterprises will, in effect, carry out the systematic electrification of the country, for they, alone, are capable of meeting all power requirements with a maximum of economy.

The total production of electric power will be about 40 % higher than in 1946. This represents a much steeper rise in production than was usual for a similar period before the War, as an increase of 40 % in two years is comparable to the increase over a period of 8 years, i. e. from 1929—37.

The Czechoslovak Power Enterprises can cover their increased capacity from new electricity-generating stations to the extent of 783 million kilowatt hours, of which 688 million kilowatt hours would be produced by steam generating stations and 95 million kilowatt hours by hydro-electric stations as well as by the greater exploitation and reconstruction of existing plant and by import.

The Act includes another task of production not included in the Government Programme—the production of gas. The participation of the gas-works in the production of coke is put at 310,000 tons yearly.

To realize the aims set out in the Act, the power-supplying industries will require an additional 5,000 workers—4,000 to be absorbed into the electricity-generating industry and 1,000 by the gas-works.

The Plan provides for the electrification of 1,350 parishes, of which 1,050 are in the Czech Lands and 300 in Slovakia, at a total estimated expenditure of 961 million Kčs. In the base year 1937, in only 110 villages and in a still smaller number of parishes was electrification carried out.

3. Metal Works Industry.

The Government Programme has fixed the production figures for pig-iron at 1.4 million tons and the production of steel at 2.2 million tons. The Two-Year Plan Act raises these targets to 1.46 million tons for pig-iron and 2.40 million tons for steel. While we shall not, in the meantime, be able to reach the highest pre-War level of production in pig-iron, in steel we shall exceed it by 3.5 %. The additional increase in the volume of production was found necessary, as a check-up of requirements revealed a deficiency of these materials. It was ascertained that the increase of production is technically possible.

The Act embodies a further task of production for which no target was set in the Government Programme and that is the production of rolled material weighing 1.65 million tons and castings weighing 330,000 tons, of which 34 % is to be bar-iron, 22 % sheet-iron, 11 % normal and small-gauge rails and 11 % pipes. These percentages are, of course, subject to a certain amount of internal re-adjustment to meet fluctuations in demand.

The metal works industry is further scheduled to produce in the year 1948, 980,000 tons of coke as its contribution to this branch of production. In addition, the metal works industry will supply in the year 1948 110,000 tons of Thomas slag (meal) to meet the demand for artificial fertilizers.

This production programme requires a labour force of 8,800 new workers, part of which must replace German labour, if the pre-War level of production is to be reached.

The capital investment programme needed for the fulfilment of production targets must serve not only to maintain existing plant and equipment but also to increase to a certain extent productive capacity, while a further development programme of investment will be realised.

In order to secure the scheduled volume of output, it will further be necessary to make full use of all available scrap-iron, encourage its collection at home, and procure, where possible, supplies from abroad; and secondly, to take the necessary steps to ensure the use, in a larger measure, of domestic ores without lowering the quality of the product and without increasing production costs.

4. Metal-working Industries.

The Government Programme has set the metal-working industries the following production targets:

a) railway trucks	15,000
b) locomotives	290
c) tractors	9,000
d) motor-lorries	16,000
e) agricultural machines to the total value of	1,100 million Kčs.

ad a):

As regards the production of rolling stock (locomotives excluded), the Government Programme refers only to the production of railway trucks, but during the work of planning, the necessity became apparent for fixing production figures for passenger and moto-locomotive wagons. In the Two-Year Plan Act, the production figures for 1947 were fixed at 12,300 railway trucks, 325 passenger coaches and 100 motor coaches. After rationalization schemes have been put into operation, the time required for production should be in the ratio of 1 passenger coach, to 10 trucks and 1 motor-coach to 12 trucks. This would mean a scheduled production of 16,750 units, reckoned in truck-units, whereby the Government Programme target of 15,000 units for 1948 would be exceeded—and that in 1947.

The proportion of passenger coaches planned for 1948 is almost double, the total output being equivalent to 15,240 units, which is also higher than the target set by the Government Programme.

The greater part of these orders is to be supplied to the Czechoslovak State Railways; the smaller part is destined for export.

In 1937, production amounted to about 1,400 railway trucks.

ad b):

The production figures for locomotives laid down in the Act correspond to those in the Government Programme. The principal customer is the Czechoslovak State Railways, while a small part of the output consists of light locomotives for industrial use or railway locomotives for export.

In 1937, the number of locomotives turned out was about 70.

ad c):

The number of tractors to be produced is the same both in the draft of the Bill and in the Government Programme, and production will be limited to light and medium types. A market is assured by the capital investment policy for agriculture, by transport requirements and by the export demand, the prospects for which are considered promising.

About 600 tractors were produced in this country in the base year 1937.

ad d):

The Government Programme requires 10,600 new motor-lorries. The Two-Year Plan Act fixes the combined total of private motor-cars and motor-lorries for 1947 at 10,330 vehicles and at 14,000 vehicles for 1948, both figures being expressed in motor-lorry units in the ratio of 3 motor-cars to 1 motor-lorry.

In 1937, production ran to about 3,600 motor-lorries and about 12,600 motor-cars.

ad e):

The targets fixed in the Act for the production of agricultural machines correspond to those in the Government Programme. Detailed figures for 1948 (1947) are: 80,000 (72,000) machines for tilling and preparing the soil; 10,000 (9,000) drills and sowing machines; 24,000 (22,000) harvesting machines; 8,000 (7,000) crop-processing machines; and 48,000 (44,000) machines for preparing animal feed. Part of the production is destined for export.

In the Two-Year Plan Act, a number of other production targets have been fixed that were not embodied in the Government Programme. These refer, in part, to further capital equipment goods and partly to certain classes of consumer goods. Here special mention may be made of the manufacture of motor-cycles, bicycles, sewing-machines, wireless-sets, telephones, electric bulbs and kitchen equipment. A considerable part of the metal-working industry will be employed in producing other capital equipment goods and consumer goods for which detailed figures have not been quoted in the Act.

The production programme outlined above will require an additional labour force of 35,000, of which workers and apprentices should make up 83 % of the whole.

The investment policy plans to increase productive capacity, especially in the department of tractor, locomotive and motor-lorry production.

5. Chemical Industry.

The following production tasks have been assigned to the chemical industry within the period of the Plan:

The production of home-produced power-fuels will be progressively increased to keep pace with the requirements of the State and of our economy. The production of fertilizers is to total 400,000 tons of ammonium phosphates and 300,000 tons of nitrogenous fertilizers.

In the production of synthetic power-fuels from domestic basic materials, the scheduled target of production is that of the Government Programme. In addition to the production of synthetic petrol, it will also be necessary to produce petrol from crude oil for this process would help to provide us with the requisite quantity of domestically-produced lubricants. Crude oil will be imported, for the most part, from abroad. We shall, however, by increasing the domestic produce, gradually replace imported crude oil by the home-grown product.

In the production of phosphate fertilizers, it is expected to approach the target fixed by the Government Programme. The chemical industry will participate to the extent of 270,000 tons (190,000 tons of superphosphates and 110,000 tons of "citramfoska") while a further 110,000 tons will be supplied in the form of Thomas slag from the metal works industry.

In the case of nitrogenous phosphates, the Act puts production at 220,000 tons, which represents a lowering of the production target by 80,000 tons as compared with the Government Programme. This output will suffice to cover economic requirements during the period of the Two-Year Plan.

As the capital works and equipment programme, which is the pre-condition for raising production to the level proposed by the Government Plan would make over-heavy demands on the machine-making industry, the new industrial equipment programme for the additional production of 100,000 tons of nitrogenous fertilizers is staggered so as to reach completion at the end of 1948 or the beginning of 1949. Increased capacity will then correspond to the expected increase in requirements.

An additional 12,300 workers will be required in the chemical industry, for the realization of these plans.

6. **Glass Industry.**

The Government Programme implies the carrying out of the following chief tasks: the production of a sufficient quantity of plate, blown, technical and other glass required in the re-conditioning and building of dwelling houses, and for the equipment of other buildings, the erection of which is an essential part of the investment plan, and further, provision for the manufacture of sufficient glass lighting installations and electric bulbs to satisfy the requirements of the schemes for electrification and the expansion of the power industries. In addition, the supply of utility glass must be sufficient to cover at least the minimum demands of domestic consumption.

The realization of this production plan would leave considerable margin for export and so help to pay for imports necessary for the fulfilment of the Two-Year Plan in other branches.

A labour force of another 15,000 persons is required in the glass industry.

7. Building Materials and Ceramics Industries.

The Government Programme demands of this industry the production of building materials by the end of 1948—especially, cement, bricks, roofings and lime, in quantities at least equal to those produced before the War. The targets specified in the Act correspond, in general, to those laid down in the Government Programme, and the number of new operatives needed by the industry is 65,000.

The approved capital investment plan aims at renewing and maintaining the production equipment now in use. The planned systematic mechanisation of all enterprises over a certain size will be carried out after the Two-Year Plan.

8. Paper Industry.

The paper industry is not expressly referred to in the Government Programme.

In fixing the production figures, it was necessary to base computations on the allocation of coal rather than on the actual productive capacity of the industry.

Though production is aimed, in the first place, at supplying the home market, allowance has been made for exports which now, as in former years, will help to provide a balance for the purchase of essential commodities abroad.

The principal tasks of production are defined in the Two-Year Plan Act. Within the framework of these tasks, priority will be given to securing a sufficiency of newsprint, the monthly quota for which has been set at 400 wagon-loads.

The minimum labour requirements for this industry is an additional labour force of 11,000 operatives.

9. Timber and Wood-working Industries.

The Government Programme proposes to raise the production of building timber to its pre-War level. In addition, the following production tasks for the wood industry may be inferred from the Government Programme:

a) the production of a sufficient quantity of builders sawn woods and carpentry woodware for house-building and other capital works;

b) the production of an adequate supply of furniture and domestic woodware to satisfy the requirements of the housing programme;

c) the provision of a sufficiency of sawn timbers and woodware for the construction of wagons, agriculture machines, as well as supplies to meet the requirements of other industries and the planned mechanization of agriculture.

The production tasks embodied in the Two-Year Plan Act correspond to those outlined in the Government Plan.

The timber and woodworking industries require another 20,000 workers, a large percentage of whom must replace transferred Germans.

10. Textile and Clothing Industries.

In the textile branch, the Government Programme aims at stepping up production so that output will not only equal pre-War consumption but provide export surpluses of textiles and clothing sufficient to balance the import requirements of raw materials required by the whole textile industry. The production figures laid down in the Bill are fixed so as to achieve this aim and correspond to the pre-War per capital consumption including public, technical and special requirements, which averaged as follows during the years 1934—37:

cotton	4.2 kg
wool	1.1 kg
artificial silk	0.4 kg

As the requirements of woollen goods is abnormally high after the exhaustion of supplies during the six years of Occupation, it has been considered necessary to make a readjustment in the ratio of wool to cotton, in favour of wood, by 0.2 kg per head of population, so that the consumption of cotton is fixed at 0.4 kg as compared with 1.3 kg of wool per head.

It is reckoned that in the year 1948, the clothing trade will make up 120 million metres of cotton materials and artificial silk yarns and 15 million metres of woollen yarns.

The carrying out of this production programme will demand the employment, in these trades, of an additional labour force of 56,000 operatives.

The approved capital investment aims at replacing war-damage and maintaining equipment, while contributing, at the same time to progressive mechanisation for the purpose of saving labour, bettering the quality of output and lovering the price of products.

11. Leather and Rubber Goods Industry.

The Government Programme sets the footwear trade a similar task to that of the textile trade: the production of footwear is to be stepped up as far as possible to a level corresponding to pre-War consumption figures and the export value of footwear must be increased so as to cover the cost of imports of raw materials required by the whole footwear industry.

This task will be achieved, according to the Two-Year Plan Act, by setting a production target for footwear which, after deducting the output for export, will allow of a domestic per capita consumption in 1948 of 2.25 pairs of shoes or boots, which corresponds to the 1937 consumption. Of the fixed consumption, 1.41 pairs are to be of leather, and 0.84 pairs are to be rubber shoes, summer shoes or slippers. The export plan fixes the export value of goods at a level equivalent to the value of the imports of basic materials required by the trade.

The Act contains other production tasks not embodied in the Government Programme, i. e. the production of tyres.

In order to realize these plans, the leather and rubber goods industries will require 12,200 more workers.

The Act provides for capital investment which will allow of large-scale reconstruction of the bombed-out workshops belonging to the Baťa enterprise in Zlín, on the one hand, and the replacement of plant and machinery as well as the mechanization of workshops and expansion of existing production in Baťovany in Slovakia. In the rubber goods industry, investment will increase the productive capacity for tyres and rubber for technical purposes.

12. Food Industry.

The Government Programme does not specifically define the production tasks for the food industry.

The volume of output in several branches can, however, be deduced from that clause in the Programme which demands a raising of the standard of living above the pre-War level.

The production plan outlined in the Act complies with the demand of the Government Programme. Owing to good export prospects, sugar production is planned to process the whole yield from the prescribed area under sugar beet, even if the yield should prove exceptionally heavy. The volume of production of processed fats is dependent on the planned supply of imported or, as the case may be, of home-produced basic materials. Beer production, again, is regulated by the proportion of the year's barley crop which it is possible to allocate to the production of malt for home consumption. In the year 1948, it is expected that beer will be of the normal pre-War grade. The production of spirits is dependent, too, on the domestic supply of basic materials and will cover requirements. The output of flour milling products is also determined to a large extent by domestic supplies of basic materials and only to a small extent by imports.

The sugar-producing and the distilling industries do not require additional workers. Other branches of the food industry will require a further labour force of 11,000 operatives.

The capital investment programme provides for the replacement and maintenance of present equipment as well as purchase of new equipment needed to ensure the distribution of food in proper condition, such as refrigerators, freezing chambers, market-halls, fruit and vegetable collecting centres and the technical improvement of canning and preserving processes (especially of fruit and vegetables). In addition, the industry and its technical equipment will be expanded to cope with the distribution of the planned increase in production of animal products, mainly by means of the setting up and equipment of dairies, milk collecting centres and slaughter houses.

B. AGRICULTURE AND FORESTRY.

1. Plan of Agricultural Production.

The Government Programme has set agriculture the task of reaching the pre-War level of production by the end of 1948, in order to meet the main part of our increased requirements from home-produced supplies. The targets to be reached by the end of 1948 show an increase in production, as compared with present output, of 35 % in beef, 100 % in pork and the same in lard, 10 % in butter, 75 % in milk and 50 % in eggs. To reach this target, the following basic conditions must be fulfilled:

a) in plant-crop cultivation, the Government has not defined any special tasks, as there is no "bottle-neck" in this branch of agriculture. The Two-Year Plan makes certain changes in the ratios of areas under different types of cultivation as compared with 1945—46, as well as with the base year 1937—38, in order to provide adequate quantities of feeding stuffs for the increased number of live-stock. In order to reach scheduled production (always supposing the yield to be not lower than that quoted below), the acreage under cultivation must be percentually apportioned in the following way:

Commodity	Area in hectares			Yield per ha in quintals		
	1936/37	1946/47	1947/48	1937	1947	1948
Wheat . . .	819,592	829,719	811,280	16.7	17.8	18.3
Rye and Mixed Corn . . .	950,650	799,126	698,311	15.6	16.0	17.0
Barley . . .	672,948	633,806	636,244	16.5	16.7	17.6
Oats . . .	747,626	575,416	595,858	18.2	16.2	17.3

Maize . . .	129,771	123,093	120,681	24.0	23.0	23.0
Leguminous Plants . .	53,082	48,343	45,562	—	—	—
Oil-yielding Plants . .	43,952	150,000	150,000	7.7	11.0	11.0
Potatoes . .	725,827	651,626	595,767	164.1	140.3	147.4
Sugar-beet*) .	180,796	180,000	174,529	331.1	259.5	270.4
Fodder crops	910,268	1,172,428	1,222,287	—	—	—
Arable acreage	5,507,881	5,424,800	5,360,961	—	—	—

The wheat acreage remains practically unchanged and that under rye is being further reduced as consumption is falling. The acreage for oil-yielding plants is being kept at the same level, for the sake of the nation's diet, even though cultivation provides many difficulties. The acreage under the plough is less in 1948, because a part will be permanently turned over to grass (meadow and pasture). The acreage assigned to the growing of fodder crops is increased by 262,000 and 312,000 hectares respectively compared with 1937 and by 50,000 hectares in 1948, compared with 1947, which means an increase in the basic supply of feeding-stuffs. An increase of yield per hectare is reckoned with, not only as compared with pre-War figures, but especially over the present average yield. The crops from the planned acreage are thus expected to be sufficient to cover home requirements and even provide a certain surplus production for export. Such a surplus is to be expected chiefly in the production of sugar (15,000 wagons), malt (50,000 and 110,000 tons), hops (90,000 light quintals), potatoes (300,000 tons), etc.

The process of converting arable to pasture land in the Border Districts will continue, and should, by 1948, embrace an area of 200,000 hectares. For the sake of comparison with pre-War agricultural production, we append the following statistics:

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*) Less 6,000 hectares for seed.

Commodity	Yield in tons		
	1937	1947	1948
Wheat	1,374,000	1,474,600	1,484,000
Rye	1,479,300	1,278,200	1,187,100
Barley	1,113,600	1,056,200	1,122,500
Leguminous Plants .	72,000	56,900	55,300
Potatoes	11,913,700	9,144,100	7,781,600
Sugar-beet	5,985,600	4,826,800	4,719,200
Oil-yielding Plants .	33,800	165,000	165,000

According to the plan of the Ministry of Food for 1947—48, the consumption of bread flour will be 2,698,000 tons and this production would suffice to cover domestic requirements, if a certain change-over from rye to wheat were not planned with the aim of raising the food-standard of the population; the resulting deficit in wheat will be made up by imports. The acreage assigned in the Plan to the cultivation of potatoes and vegetables must be strictly observed, for, if the planned acreage is exceeded, it might lead to difficulties of distribution.

The plan for crop-acreage and the yield per hectare is the outcome of cross-checking plans independently worked out by the Ministry of Agriculture and the Provincial and District National Committees.

In order to ensure the above yield, it is necessary to supply agriculture with artificial fertilizers containing certain substance in the following proportions: 42,000 tons of nitrates; 60,000 tons of phosphoric acid; 60,000 tons of pure kali and 100,000 tons of lime. The greater part of these fertilizers is produced by our industry. It is necessary, however, to import 15,000 tons of saltpetre in the year 1947 and 10,000 tons in 1948, as well as 170,000 tons of kalidunger, which is not produced in this country, and basic materials for the production of 168,000 tons of superphosphates (phosphates). Besides fertilizers, a number of plant insecticides must be imported in as far as they are not produced in this country.

b) The worst "bottle-neck" in our food-production has been in the supply of meats and fats. Special attention has, therefore, been devoted to the increase and improvement of our livestock as their numbers are in most cases considerably reduced as compared with pre-War figures. The following table shows the planned increase in livestock:

(ooo's of head)	1936	1945	1946	1947	1948
Cattle	4,376,0	4,094.5	4,086.0	4,077.5	4,192.9
(including milk cows) .	2,340.7	2,041.1	2,075.5	2,110.0	2,262.3
Pigs	3,159.9	2,342.4	2,736.7	3,397.0	3,549.2
(including sows) . . .	329,8	353,0	378.9	404.7	449.1
Hens.	15,382.9	7,788.7	9,714.3	11,640.0	12,322.2

This number of livestock would provide the following yearly quantities of animal products (in tons):

	1946	1947	1948
Beef			
Czech Lands . .	102,000	111,400	120,000
Slovakia . . .	18,000	28,800	39,600
ČSR	120,000	140,200	160,400
Pork			
Czech Lands . .	98,000	144,600	191,250
Slovakia . . .	34,000	54,500	75,000
ČSR	132,000	199,100	266,250
Lard			
Czech Lands . .	19,600	28,925	38,250
Slovakia . . .	7,400	11,200	15,000
ČSR	27,000	40,125	53,250
Butter			
ČSR	45,000	47,000	50,000
Milk		(in hectolitres)	
Czech Lands . .	15,100,000	19,711,000	24,320,000
Slovakia . . .	3,820,000	5,929,000	8,039,000
ČSR	18,920,000	25,640,000	32,359,000
Eggs in shell:			
Czech Lands . .	642,422,000	774,500,000	906,637,000
Slovakia . . .	105,300,000	250,500,000	265,500,000
ČSR	747,722,000	1,025,000,000	1,172,137,000

These figures do not include the production of veal and mutton. Pre-War production of home-fed beef was about 160,000 tons; of home-fed pork, 160,000 tons, while about 20,000 tons of pork was imported making about 180,000 tons of meat in all. The increase in pork dictated by the need to produce the greatest possible quantity of fat is, with our relatively light breeds of pig, not possible without an increase in the quantity of meat. Planned production calls for an increase on the present figures of 33.5 % in the production of beef; of 100 % in pork production: of 97.2 % in lard; of 71 % in milk; of 11 % in butter and 56.7 % in eggs. These targets would satisfy the requirements of the Government Programme. (The pre-War production of lard from home-fed pigs was about 42,000 tons and of imported pigs of about 19,000 tons making a total of 61,000 tons. This quantity cannot be supplied by home production within the term of two years.)

In order to realize the targets indicated above, it will be necessary to increase the liveweight of beefcattle in the Czech Lands from the present 400 kg to 435 kg and to 400 kg in Slovakia; while the percentage of animals slaughtered will be 18 % of the total, which corresponds to the biological increase and the required increase in stocks. In the case of pigs, the percentage for slaughter throughout the country will be 100 % of animals with an average liveweight of 120 kg as compared with the present 100 kg.

The yield of milk is to be increased by weeding out stock with a small yield and by improving the feed.

The average yearly yield of eggs for a hen under average conditions, in the year 1948, is calculated at 98 for this country.

Certain foodstuffs are lacking which are necessary for the maintenance of animal stocks at this level of productivity and it will, therefore, be necessary to import the following quantities of animal feed:

	1947	1948
Fish and meat meals . . .	50,000 tons	50,000 tons
Maize	100,000 „	100,000 „
Oilcake and meal . . .	300,000 „	300,000 „

c) The planned level of production must be secured by provision of an adequate labour force. According to the latest estimates drawn up by the State Office of Statistics, agriculture has a labour deficit of 200,000 persons (1. 8. 1946), which figure does not include the loss of a further 50,000 to replace the corresponding number of Germans still engaged in agriculture at that date. This estimate of 250,000 persons is not final and will, in all probability, be lower. The number of workers which, according to the plan for the distribution of labour, it will be possible to allocate to agriculture is, therefore, reckoned to be sufficient to overcome the present difficult situation. In recruiting the workers required, full advantage must be taken of the reserves of labour in villages, where the people are at hand and best acquainted with agricultural skills and work, and therefore, most easily assimilated into the agriculture.

d) The deficiency in the labour force can further be made good by the extensive mechanization of agriculture. Machines will be supplied to Government machinery and tractor pools which will be set up in every district, to local co-operative machinery pools and individual farmers. These machinery and tractor pools will have their own workshops for servicing, which will be equipped, for the most part, from confiscated and shut-down factories. In all, it is expected to supply machinery to the value of 3,669 million Kčs, to be divided between the years 1947 and 1948 in the proportion of 1,716 million Kčs and 1,953 million Kčs respectively, the Czech Lands and Slovakia participating in the ratio of two thirds to one third.

Part of the required machinery will have to be purchased abroad, as the type of machine is either not in production in our country or not in sufficient quantities. The value of machinery to be imported in 1947 and 1948 is estimated at about 161 million crowns and 129 million crowns respectively, making a total of 290 million Kčs.

The following table shows the products to be supplied to agriculture by our home industry:

	No. of units		Value in 000's Kčs	
	1947	1948	1947	1948
tractors	4,600	4,700	475,000	486,000
motor-vehicles	460	600	54,600	81,600
soil-cultivating machines .	37,800	37,800	170,500	174,700
sowing machines . . .	500	1,000	2,500	5,000
harvesters	18,750	21,950	159,675	204,175
harvest-processing machines	5,250	6,000	140,950	164,834
fodder-preparing machines	8,000	9,800	26,525	36,775
other machinery	45,240	53,330	274,275	383,425
trailers	2,500	2,500	105,000	105,000
machines for woodland production	1,393	1,295	38,938	40,692

In addition, burnt-out saw mills in Slovakia must be rebuild and the factory combine in eastern Slovakia equipped with machinery spare machine parts procured, and machinery servicing stations equipped with the necessary machines. All these capital investments far exceed the normal pre-War rate of investment.

e) Another basic condition for the realization of the plan for agriculture is a fairly comprehensive constructional works programme, and the Two-Year Plan makes provision for all such works investment as is directly related to the prescribed tasks of production. The total sum to be thus invested is 1,544 million Kčs, of which 56 % or 862 million Kčs falls to the Czech Lands and 47 % or 682 million Kčs to Slovakia. The assigned investment capital is to be distributed in the following proportions:

	Czech Lands (in Kčs)	Slovakia (in Kčs)
reconstruction connected with the rebuilding of agricultural property and war-damage repairs	375,000,000	287,000,000
works for securing animal production	307,250,000	194,500,000
works for securing crop-production	20,925,000	6,075,000
works for marketing produce	41,500,000	31,300,000
alignment, re-organization and amelioration of holdings	25,500,000	9,500,000
rural mechanization	41,500,000	23,000,000
forestry	57,500,000	119,500,000
state-owned woodland and farm-property	8,300,000	10,700,000

This investment project does not include the current repairs to dwellings and offices in 1½ million agricultural holdings, for which the requisite materials must be made available, even though the greater part of such repairs will be carried out without the employment of outside labour.

2. Revival of Fruit-growing.

A number of elemental catastrophes during recent years has brought about a heavy reduction in the number of fruit-trees, so that the fruit crops in the last few years have been about half what they were before the War.

In the Two-Year Plan, provision is made for partly replenishing stocks and increasing the number of fruit-trees by about 15 %.

The losses in fruit-trees in the Czech Lands, which were particularly affected by the severe frosts of 1929 and of the years 1939—40, is shown by the following figures:

	1937 (in millions)	Average 1939/40 (in millions)	Losses in %
fruit-trees	45.5	11.9	—26.3
fruit-bushes	12.0	3.5	—29.4

3. Forest and Woodland Production Plan.

The damage caused by War and the ruthless policy of economic exploitation practised by the Germans is represented in the Czech Lands alone, by an area of 100,000 hectares of woodland on which planned afforestation schemes could not be continued or of partially stocked woodland which could not be planted up; 23 million cubic metres of timber felled in excess of normal crop exploitation; the destruction of means of communication, and, in Slovakia, the damage caused, over and above, by actual military operations, such as the laying of extensive minefields. The main task embodied in the Plan is one of rehabilitation, the emphasis being on afforestation, that is, the securing of a healthy forest estate, not merely the production of timber crops. The condition of success for the forestry plan is a sufficient labour force both of permanent and seasonal workers, especially in the Border Districts where the number of workers falls far short of requirements.

The production plan for wood, of a diameter of over 7 cm with bark, is as follows:

Year	Yield	Total roadside stocks	Haulage
1947 . . .	11,100,000 cbm	12,000,000 cbm	12,000,000 cbm
1948 . . .	12,300,000 „	12,300,000 „	12,000,000 „
total . . .	23,400,000 cbm	24,300,000 cbm	24,000,000 cbm

This production is sufficient to cover estimated requirements but there will possibly be a shortage of railway sleepers which, however, may be made up by the substitution of beech wood from Slovakia, which has, up till now, been used for fuel.

Total areas for afforestation:

1947		
for renewal of normal drain .	30,400 hectares	
for conservation of threatened soils	1,500 „	
for new afforestation	2,000 „	(in all 33,900 hectares

1948

for renewal of normal drain	31,800 hectares	
for conservation of threatened soils	1,540 „	
for new afforestation	2,000 „	(in all 35,340)

It is planned to carry out a change-over from pure coniferous to mixed stands by the addition of deciduous trees, over an area of about 1,000 hectares yearly. Forest nurseries at present covering an area of 1644 hectares will be extended by 343 hectares in 1947, and by 747 hectares in 1948, in all by a total of 2,734 hectares. The quantity of forest seed collected will be 2,000,000 kg annually.

The necessary investments in machines and building materials have been quoted under agricultural investments. The labour force required is about 35,000 additional workers; this figure is also included in the total labour requirements for agriculture.

C. BUILDING.

1. Building Tasks.

a) *Housing:*

Within the framework of the Two-Year Plan, provision has been made for the erection or re-conditioning of 125,000 dwelling-units, of which 75,000 fall to the Czech Lands and 50,000 to Slovakia. In the year 1947 about 30,000 dwelling-units are to be made available in the Czech Lands and 20,000 in Slovakia, while the corresponding figures for 1948 are 45,000 and 30,000 dwelling-units.

About two thirds of the units will consist of blocks of flats and the remainder in structually separated family houses. The majority of the dwellings will be for families of 2—4 children, with a lay-out of one large living-room, a small work-kitchen, two bedrooms and full conveniences. In addition to these dwelling-units, blocks of apartments will be erected for young unmarried employees.

b) *Public buildings:*

The Two-Year Plan comprises in its programme the re- damage is due to the War and the Occupation. A total sum of 1,300 million crowns will be devoted to this purpose, of which the sum of 750 million Kčs is allocated to the Czech Lands and 550 million Kčs to Slovakia. Of this sum, according to present dispositions, 400 million Kčs will be spent on the renewal of state buildings and 900 millions on local authority buildings, in such a way that 170 million Kčs fall to the Czech Lands for the rehabilitation of state buildings and 580 million Kčs for that of other public buildings; while, the corresponding proportion for Slovakia is 230:320 million Kčs. Of the total sum of 900 million Kčs, the Ministry of Education will be allocated 360 million crowns, the Ministry of Health 270 million Kčs and the remaining departments 270 million Kčs.

The sum of 2,370 million Kčs includes 670 million Kčs earmarked for the completion of those buildings under construction and for the first phase of the building of a new Parliament. The Czech Lands will participate in the latter sum to the extent of 395 million Kčs and Slovakia to the sum of 275 million Kčs. As regards the above allocations for buildings under construction, the participation of pair and re-conditioning of public buildings in as far as the Ministry of Education amounts to 317 million Kčs, that of the Ministry of Health is 197 million Kčs, while 121 million Kčs goes to buildings for other purposes. The expenditure on public buildings owned by local authorities will amount to 1,200 million Kčs to be divided between the Czech Lands and Slovakia in the proportion of 900:300 million Kčs. Of this sum, 500 million Kčs will be devoted to building schemes for Public Health purposes, 400 million Kčs for schools and 300 million Kčs for other departments.

A further 500 million Kčs is set aside for the repair and erection of new buildings for social, recreational and other purposes serving the public interest, as well as for the reconstruction of spa buildings.

In the sums quoted below, the expenditure on the maintenance of public buildings is not included.

c) *Roads and Bridges:*

Of a sum of 3,980 million Kčs, the amount appropriated to the repair and completion of bridges and State roads of Classes I and II under construction, of which there are more than 37,000 km, is 2,770 million Kčs; while for the same type of work on 31,000 km of local roads an expenditure of 1,210 million Kčs has been granted. The Czech Lands and Slovakia participate in the sum of 2,770 million Kčs in the proportion of 1,795 million Kčs to 975 million Kčs. Local roads and bridges will be allocated a sum of 1,210 million Kčs, of which 823 million Kčs go to the Czech Lands and 377 million Kčs to Slovakia. The sums quoted above include only that part of the expenditure on the maintenance of State roads (300 million Kčs) which demands skilled labour. On the other hand, the current maintenance of State roads and the general maintenance of local roads, which can be carried out with the help of local labour not utilized for the tasks of the Two-Year Plan, are not included.

In the above-quoted figures, the estimated expenditure on the renewal of road bridges amounts to 1304 million Kčs, to be shared by the Czech Lands and Slovakia in the ratio of 576:728 million Kčs, while of the allocation of 342 million Kčs for local road bridges, Slovakia will receive 185 million Kčs.

A sum of 40 million Kčs has been set aside for the most urgent conservation measures connected with bridges on the State motorway under construction.

d) *Canals and Waterways:*

The estimated expenditure on waterways and water-utilization works is 2,550 million Kčs. Of the total sum, 1,167 mill. Kčs will be expended on the exploitation of water-power, 390 mill. Kčs on making rivers navigable, 309 mill. Kčs on the technical amelioration and regulation of unnavigable waterways and 485 mill. Kčs on sanitary engineering and sewage disposal works.

e) *Capital works for Industry:*

The various branches of industry intend to carry out a capital works programme totalling 7,532 million Kčs. The greater part of these investments will be allocated to the coal-mining and power-supplying industries, the production of iron, machinery of all kinds, chemicals and power-fuels, textiles, clothing, footwear and building materials.

f) *Capital works for Agriculture:*

In order to step up agricultural production, plans have been worked out for the reconstruction of agricultural enterprises in the re-settled areas and in Slovakia, and for the rehabilitation of war-damaged farm-holdings, especially in Moravia, Silesia and Slovakia. More than a quarter of the whole capital investment is earmarked for dairy-farming co-operatives and for the raising of poultry and pigs. Other capital works will be carried out to meet the requirements of plant production, of food distribution (the installation of refrigerators and storing facilities) and of woodland economy as practised on state-owned forest and wooded estates. The total expenditure on these constructional works amounts to 1,540 million Kčs, of which 44.15 % falls to Slovakia.

g) *Capital works for Transport:*

The reconstruction of the railways, which, during the next two years, will restore a part of the damage contracted during the War, is to be carried out at an estimated cost of 4,070 million crowns. Besides this, the Czechoslovak State Railways will themselves provide the labour and the financial means for normal maintenance work as well as for arrears.

h) *Capital works for Railways (projects under way):*

The confirmation of railway works under construction at an estimated cost of 1,150 million Kčs includes the laying of new and alternate tracks, the erection of workshops, the rebuilding and repair of railway stations, etc.

i) *Capital works for road, water, air and mail transport:*

A sum of 150 million Kčs will be expended on the building of garages and workshops where they are most urgently required.

River transport will benefit by constructional work in the harbours of Bratislava and Komárno, at an estimated cost of 90 million Kčs.

To meet air transport requirements, constructional and reconstructional work will be put in hand on the Prague, Brno, Bratislava and Poprad aerodromes, to whose building-up we are bound by international agreements and our own transport requirements. The expenditure entailed in these works is estimated at 320 million Kčs.

The postal services will be allocated a sum of 280 million Kčs for their capital works scheme.

2. Conditions of Success for the Fulfilment of the Two-Year Plan for Building.

The production of the principal building materials is planned so as to cover the requirements deriving from all kinds of building investment. These total building requirements for the years 1947 and 1948 include 155,000 tons of constructional iron to be worked on the site and 114,000 tons of iron to be transported to the site in the form of finished products (heating installations, pipes, baths, stoves, etc.). Economy must be consistently exercised in the use of iron for building, and other materials substituted, wherever possible.

The production of bricks in the year 1947 will not be sufficient to cover the original scheduled requirements, and so part of the housing programme will be postponed to 1948, when the planned production will be able to meet the demand. The shortage of bricks in Slovakia will be met partly by supplies from Moravia and imports from Hungary on account of reparations and partly by the extensive use of pre-cast building units, wood and other building materials. The production of stone, gravel and crushed stone in 1947 will be about 10 % below requirements, provision for which is made in the Plan by similary deferring the execution of certain building contracts and orders for building materials to the year 1948. The production of cement will correspond roughly to requirements, while that of lime, roofings, glass and wood is sufficient for essential maintenance work as well.

The basic condition for the realization of the Two-Year building programme is the absorption into the building industry of an additional labour force of 90,000 operatives. In this connection, the first step to be taken is the re-direction into the industry of workers previously employed by the trade. If we are to keep within the scheduled expenditure in the different sectors and, especially in the housing sector, an essential presumption is an increase of 40 % in labour productivity. An important factor in the planned reduction of building costs will be the mechanization and industrialization of the whole building industry. Mass production of certain building units will be standardized and the use of standardized products will be made obligatory for buildings erected under the Two-Year Plan. Wherever possible, the building of dwelling-houses will be carried out in the form of large blocks of houses or of housing estates, in order that the greatest possible use may be made of mechanization and of efficient building tools and that the time required for building may be shortened.

D. TRANSPORT.

The Government Programme has laid down two principal groups of basic tasks in the transport section of our economy:

The first group embraces the primary obligation of realizing by the end of 1948 the conditions under which transport capacity can be made to equal that of the year 1937. This is supplemented by the obligation to complete the construction of the Bratislava and Komárno harbours and to build new shipbuilding yards.

The second group comprises a number of specific constructional tasks, mainly of a technical kind, aimed at raising the efficiency of means of transport to the level of the base year 1937. Under this heading, too, comes the task of speeding up repair work on damaged and destroyed rack (part of which work is included under the first group), further the extension of the network of motor-bus services for the transport of passengers and goods, and finally the specific obligation to cheapen and rationalize the transport of wood in Slovakia and to put water-transport on the Danube on a more economic basis.

The task of fulfilling the conditions under which transport capacity in the Czechoslovak Republic would reach the level of 1937, does not impose the obligation of reaching this target on each separate branch of transport, but sets an overall target which allows of a shift of emphasis from one form of transport to another while also enabling certain aims of transport policy to be followed from the very first.

As the target set for transport is the carrying capacity attained in the base year 1937, the following data relating to the volume of goods and the number of passengers transported in that year are appended:

	No. of tons carried	Average length of haul
a) Goods traffic:		
rail	70 million	150 km
road	15.5 „	22 km
water	3.8 „	500—700 km
b) Passenger traffic:		
rail	260 million	34.4 km
road	75 „	12.8 km

The greater part of the task allotted to transport must be performed by the railways, the carrying capacity of which, in the year 1946, may be estimated at 64 % of freight tonnage, 111 % of the number of passengers carried, 91 % of nett ton kilometres, 62 % of loaded wagon kilometres, 87 % of loaded train kilometres of the carrying capacity of the year 1937.

In order that deficiencies in the present equipment of means of transport may be made good as quickly as possible and in order that the replacement of rolling stock may be planned so as to take future trends as fully into account as possible, the main stress has been laid on the prompt equipment of rail and road transport with high-performance vehicles.

The following programme has been worked out to help to put the transport system on a footing which will allow of its reaching the carrying capacity of 1937:

1. Rail Transport.

a) The railways will be equipped with steam-driven locomotives partly from current production (300 locomotives) and partly by reducing the number of locomotives kept as non-runners and by the speeding up of repairs. If we reduce the percentage of locomotives under repair by only a third, i. e. from 31.8 % to 21 %, we shall have 400 more serviceable locomotives in operation. The number of obsolescent locomotives (over 50 years' service) to be withdrawn during the Two-Year Plan will be about 114, so that the balance is as follows:

Number of serviceable locomotives (present position)	2,626
to be supplied by the end of 1948	57
to be supplied from current production	300
made available through speeding up repairs	400
	3383
to be withdrawn	—114
remainder	3,269
position in 1937	3,290
difference of	21

or rather less than 1 %.

In order to replace obsolescent locomotives, it will be necessary, even after completing the tasks set by the Two-Year Plan, to continue with the construction of locomotives, the type and number of which will be determined by economic considerations and the extent of the participation of the railways in the future distribution of transport assignations.

b) Motor-powered trains of two axles provide more economic passenger transport on lightly frequented lines. Four-axle trains are good substitutes for steam-driven express locomotives and fast trains in directions and at times of reduced traffic flow, thus effecting economies in rolling stock and a speeding-up of traffic circulation.

In the year 1937, the total number of motor coaches in service was 372, as compared with 230 at present, of which 54 are 4-axle trains. The Two-Year Plan reckons with their making up, to a certain extent, for the shortage of steam locomotives, which will be used preferably in goods transport. Motor-coaches are—investment costs being equal—more economic in use from the point of view of performance measured in train kilometres than steam traction.

	2-axle	4-axle
Motorcoaches (present position)	173	57
augmentation from current production . .	180	70
planned total	353	127

c) The greatest possible effort must be made to increase the number of freight trucks. While the number of freight trucks dispatched in July of the year 1937 was 495,752, the number dispatched in July 1946 was only 255,043. At the same time, the tonnage of coal carried by the Elbe waterway was up by 40,000 tons as compared with 1937, while freight traffic by road was also much heavier.

Concurrently with the Two-Year Plan, steps will be taken to create the technical conditions for the mass production of special container transport: tip-trucks, refrigerator trucks, etc., so that we shall have rolling stock adapted to meet the changes in industrial and agricultural production, effected by the capital investment policy laid down in the Two-Year Plan.

Care will be taken, too, to reduce to a minimum the damage done to freight trucks during shunting operations. The remaining deficit will have to be made up for by a more rapid circulation of rolling stock. This task is also all the more urgent and the more difficult, since we have, ourselves, to provide a much larger number of freight trucks for the transport both of imported and exported goods than in 1937, a circumstance which strongly tends to slow down circulation. During the peak-periods of agricultural and industrial campaigns, it will be necessary, in addition, to make considerable use of road transport to cover all requirements.

d) Workshop equipment must be not only renewed but the whole servicing of rolling stock must be rationalized and speeded up by the installation of up-to-date machinery, whereby better maintenance standards for coaches and locomotives will allow of their fuller exploitation.

e) Security and signalling installations on the railways must be as perfect as possible to ensure safe, efficient and flexible service. Damage caused in this department by the Germans during the Occupation is very considerable.

f) The reconstruction of the permanent way after 7 years of neglected maintenance and renewal and after the destruction caused by the retreating German army, is a task which will require a longer period for its completion than two years. It will not, therefore, be possible to carry out more than 65 % of the necessary reconstructional work. Tunnels and track curves, as the most sensitive points in the railway system, will be fully reconditioned, while this will be done, in the case of bridges, only in as far as temporary repair measures should prove insufficient during the next two years and necessitate the building of permanent structures for reasons of safety.

g) Municipal tramcar services and local railway services, which carry the full burden of the traffic to and from work, had no opportunity to make the required replacements, and in certain towns equipment suffered severe damage in the course of military action. This very important branch of transport will be supplied with 123 motorcoaches and 130 trailer coaches.

2. Road Transport.

Motor transport which today has taken over a greater part of the total work of transport and so has wider tasks allotted to it than in the year 1937, will be supplied under the Plan with new motor-lorries and motor-buses in the interests of its continued uniform development. Road transport is for certain types of transport more economical than rail transport, especially over short distances up to 40 or 50 km, as well as in the case of piece goods and of perishable goods, as it provides rapid and direct transport, is more economical in labour and packing and allows of delivery from door to door without off and re-loading.

In motor-bus transport, it is necessary to increase the frequency of services on the lines which are at present overcrowded and, for that reason, inadequate, and to open new lines especially where transport requirements for traffic to and from work are especially urgent. The figures quoted in the motor-transport plan embodied in the Two-Year Plan Act of 1,950 motor-buses, 200 passenger trailer coaches, 2,400 motor-lorries and 700 trailers are intended to cover the requirements only of those motor-transport services run by the State and by licensed contractors.

The unsatisfactory condition of the fleet of road transport vehicles owing to the age of the vehicles and the lack of uniformity of type calls for replacement of obsolescent and unsuitable vehicles at as rapid a rate as possible.

In order to bring the fleet of motor-vehicles for public transport up to standard, probably more than a quarter of the present number in service will require replacement.

The condition of the fleet of road transport vehicles would justify a much more radical scale of replacement than 25 %, for it is estimated that more than half the buses and a third of the motor-lorries are no longer economic in performance or no longer comply with safety requirements.

About 600 motor-lorries, which have been used up till now because of the lack of motorbuses, will be withdrawn from passenger road transport, so that after deducting 700 obsolescent buses, to be withdrawn during the years 1947 and 1948 and after replacing 600 motor-lorries by new buses, there remain, for the more intensive operation of services and for the opening of new lines only 650 new vehicles out of a total increase of 1950.

3. Inland Waterways.

The losses in vessels are so high and the changes in the structure of transport enterprise so far-reaching (the going out of business of the German, Austrian and Hungarian water-transport companies) that it will not be possible, even with the greatest intensification of effort in the carrying out replacements, to achieve the tonnage carried in 1937.

The financial means required for the partial renewal of the fleet totals 309 million Kčs.

4. Air Transport.

The Two-Year Plan for air transport expresses the endeavour to provide this most modern branch of transport with at least the fundaments essential for future development.

Czechoslovakia, as a state playing a very considerable part in the international exchange of commodities, cannot allow the international air-lines to by-pass her. She must, therefore, build up her security and meteorological services, while at least two airports must fully conform to international standards. If, however, national resources are to be given full scope for development, we must, with the means at our disposal, operate our own air-transport services for reasons of national economy, currency, defence and prestige.

In order to strengthen our position in international air-transport, it will be necessary to raise, as quickly as possible, the operational and security equipment of airfields to a standard ensuring maximum transport safety, for neglect of these measures might lead to the deflecting of important international air-routes from our territories.

The demands of air-transport and of internationally contracted air-treaty obligations call for the development and supplementary equipment of the air-ports in Prague-Ruzyň, Bratislava-Vajnory, Poprad and Brno-Černovice.

The technical advances during the War, especially among the great powers, which contributed very considerably to the growth of aviation abroad, can be made up by aviation in this country only step by step and by an increase in effort.

In fixing the number of new planes, the Plan covers the requirements of the aircraft fleet in extending the network of airlines and increasing the frequency of the services so that air-transport may be fitted to carry out the important transport tasks which fall to it within the present general transport system.

5. **Postal Services.**

Postal administration is, as regards the operation of telecommunication services in a modern economic structure, a rationalizing factor, for it contributes to the better utilization of time, reduces the necessity for journeys and introduces a new organizational element into the national life. The development of these services at least up to minimum requirements is the pre-condition for the efficient functioning of the other economic factors to which it gives active impulses.

Approximately half the operational investment will be devoted to the reconditioning and replacement of the railway mail-coaches, at a cost of 45 million Kčs.

In the department of *telecommunications,* a programme of capital works for the reconstruction and extension of the services as well as of capital equipment will be carried out at a cost of 833 million Kčs, of which 143 million Kčs is earmarked for imports from abroad. The following are the chief items in the programme: the laying of 300 km of inter-urban cables; the installation of 60 new inter-urban relations with the help of high-frequency equipment; the extension of telephonic communication to 400 more villages; the extension of the local telephonic network to allow of the establishment of about 28,000 telephone stations; the extensions or renewal of the telephone exchanges by about 30,000 connections, in addition to the preparatory work for the installation of a further 30,000 connections in automatic exchanges in various towns; the completion throughout the territories of the Republic of a network of teleprinter subscriber-stations, for the most part automatically operated, as an invaluable means of communication for industrial enterprises and central organizations, and its extension by the establishment of 350 new teleprinter subscriber-stations.

The speeding up of the *motorization* of postal services, to which purpose 114 million Kčs has been appropriated, is the pre-condition for the rationalization of the delivery and collection services which must be organized from larger post-offices. This would effect not only a cheapening of postal communications in large towns and of letter and parcel post services in rural areas (especially in the Border Districts and in economically little-developed areas) but would also gradually reduce the number of employees required in this sector.

6. **Additional Tasks in Transport.**

The Development of the Košice-Bohumín Railway.

The development of the Košice-Bohumín railway is aimed at increasing its transport capacity for the handling of the larger volume of traffic which is expected between this country and the Soviet Union.

Tasks of Organization.

Important tasks, too, of organization await the railways, one of the foremost of which is the necessity of cheapening rail transport. On a comparison with the base year 1937 and with international rates, our transport rates are at present too high, and this mainly owing to the uneconomic operation of rail and road traffic. Thus, for instance, in spite of a reduction in the total area of territory the Czechoslovak State Railways have 70,000 more persons on their pay-roll than in 1937. On a comparison of the present-day and the pre-War number of employees with the carrying capacity of 1937, the increase in the number of employees per track kilometre is 47 %, 43 % in the number per 1,000 ton kilometre, and 55 % in the number per train kilometre.

The circulation period for freight trucks which, before the War, was under 5 days, is now prolonged to 7 or 8 days; coal consumption has been high up till now; the speed of travel for passenger traffic has been reduced by more than 20 %. Here are wide margins for operational economies.

The network of road transport services will be extended, special consideration being given to the needs of the economically less-developed districts by the opening of a considerable number of new bus-lines and by at least 80 new freight lines.

Implied in the new transport tasks which we must master by our own efforts are those set forth in the Government Programme, which aim at the development of our means of transport on a very large scale. To this end, the following preparatory measures will be put in hand;

a) the creation of the conditions for the maximum expansion of shipbuilding capacity. As already stated, we shall not be able to achieve, within the period of the Plan, our former water-transport tonnage, even were we to neglect replacement altogether. It is in the interests of economic operation that obsolescent barges and tugs should be replaced by up-to-date and more efficient vessels, but it is not possible to carry out a full replacement programme as long as our river fleet is not large enough to perform the most necessary tasks of water-transport. We may safely assume that at least one half of the present water-transport fleet should be scrapped;

b) the preparation of theoretical projects for the electrification of at least 1,000 km of railway track, with due regard to the trend of technical developments, transport requirements, to the traffic frequency on different lines, to economic and operational expediency and to the requirements of the railway network as a whole;

c) the creation of the conditions for the building-up of our own fleet of transport aircraft and a network of air-ports for international and domestic transport, so that, in our country, too, favourable conditions of growth may be ensured for this most modern branch of transport.

The compilation of a list of all the projects for constructional work on our rail, road, water and air transport system as well as telecommunications aims at securing a unified and balanced policy of investment for communications of all kinds. In consideration of the close interdependence of all types of transport, which future developments will tend only to emphasize, it will be necessary to co-ordinate transport projects, both as regards location and the order of their priority, so that the advantages to be derived from them may become effective with as little delay as possible while always keeping in view the future structure of the transport system.

Another task of the Plan, is the reconstruction of the Danube river ports of Bratislava and Komárno.

Both ports have an important part to play in the increased goods traffic between the Soviet Union and this country, on the one hand, and with the Balkan countries, on the other, where it is the task of our industry to supply the goods formerly imported by them from Germany.

E. THE ECONOMIC DEVELOPMENT OF SLOVAKIA.

The Two-Year Plan fulfils the task laid down in the Government programme of accelerating the process of raising the economic level of Slovakia as speedily as possible, as is apparent from *the volume and distribution of capital investments* appropriated to Slovakia (22.14 milliard Kčs or 31.6 % of the total national investment). This sum represents more than a third of the Slovak national income, while investment in the Republic as a whole is only about a fifth of the national income of Czechoslovakia. The Czech Lands are thus contributing, within the framework of the Two-Year Plan—especially in respect of supplies of capital goods—very considerably towards the economic development of Slovakia and these figures are the concrete expression of the Government's economic policy, the aim of which is to balance the economic and social levels of the two parts of the Republic.

The economic development of Slovakia is to be realized mainly through the following projects:

1. ***industrialization,*** the main features of which are

a) the building-up of the power-supplying basis;

b) the extension and reconstruction of existing industrial enterprises in Slovakia;

c) the transfer of machine equipment from the Czech Lands to Slovakia;

2. *mechanization of Slovak agriculture;*

3. *the carrying out of an investment programme for transport, building and public works.*

The building-up of industry in Slovakia along with the improvement of agriculture, especially as measured by the increase in the yield per acre, the greater efficiency of the transport system, the reconstruction and erection of public and private buildings will all assist in raising the standard of living of the Slovak population and in paving the way for a regionally well-balanced economic development.

1. Industry.

The development of new industrial enterprises and the rehabilitation and modernization of existing enterprises in Slovakia as well as the active encouragement of workshop production, as outlined in the Two-Year Plan, will absorb 6.8 milliard Kčs, or 27.4 % of the total industrial investment for the Republic.

When we consider that the capacity of Slovak industry constitutes about 15 % of Czech industrial capacity, it is clear that the investment programme comprehended in the Two-Year Plan reckons with a rate of industrial expansion in Slovakia, during the next two years about double that of the Czech Lands.

The essential pre-condition for industrial growth is an adequate and well developed power-supply. In Slovakia, water will be exploited as a source of energy.

In the *power-supplying industry*, electrification of 300 parishes will help towards raising the standard of living especially in rural areas and also allow of the exploitation and wide employment of machinery.

The number of persons employed in the power-supplying industry will show an increase of 672 operatives during the period of the Plan.

In the *metal-working and machine industries* a very comprehensive programme of industrialization has been drawn up. In addition to the reconstruction and modernization of a number of metal-working enterprises, as well as the setting-up of new metal-working enterprises, the Slovak metal-working industry will be extended by the transfer of machine equipment from the Czech Lands.

There will be an increase in the number of workers employed in the metal-working and foundry industry of about 15,000 by the end of 1948.

The *chemical industry* will increase its output of artificial silk and artificial materials.

About 1,600 additional workers will be employed in this branch of industry by the end of 1948.

The *textile industry* plans, in the first place, the construction of a weaving mill for artificial silk of 1,000 looms, another weaving mill of the same capacity for natural and coloured textiles, and a spinning mill for flax of 5,000 spindles. A further number of textile enterprises in Slovakia will be enlarged and brought up to date. The necessary industrial equipment will be procured partly through transfer from the Czech Lands and partly through the purchase of new machines.

An additional 7,500 operatives will be employed in the textile industry by the end of 1948.

The *woodworking industry* will lay the foundations for the development of this industry by a planned investment policy allowing of the profitable exploitation of this domestic raw material in the principal timber-producing areas themselves. The woodworking industry in Slovakia must make a change-over to the use of broad-leaved woods (beech) for, in Slovakia, the number of enterprises of this kind has been very small and the working of Slovak beechwood has been uneconomic and on an inadequate scale. In this sector of industry, the investment programme includes a project for the organizing of woodworking combines in eastern Slovakia; a factory for the manufacture of wood-fibre boards and a furniture-making factory. At the same time, woodmaking enterprises damaged by the war will be set going again.

The number of workers in the wookworking industry will be increased by 7,200 within the next two years.

In the *food industry,* capital investment will allow of the better exploitation of agricultural products. New and modernly equipped factories will be set up for the canning and preserving of meat and poultry, fruit, vegetables and woodland products, while a number of other factories will be re-equipped and more efficiently organized. Special attention will also be devoted to dairies, refrigerators and freezing chambers. The development of these branches of the food industry will give the Slovak farmers and farm-workers greater economic security and the consumer a better flow and a higher quality of supplies.

In the *building materials industry,* a brick factory will be erected in eastern Slovakia and a factory for fireproof goods; other brick and cement works will be repaired and reorganized.

The *leather and rubber goods industry* plans the reconstruction and re-equipment of the rubber goods factory in Petržalka and the extension and equipment of the leather goods factory in Baťovany.

In the *remaining branches of industry* the investment programme is such as to enable Slovak enterprises to make the greatest possible contribution to the basic tasks of the Two-Year Plan.

The *transfer of machine equipment* from the Czech Lands will further the growth and raise the standard of Slovak factory and workshop production and, at the same time, help towards solving the problem of a balanced location of industry throughout the territories of the Republic. The scale of transfer is fixed so as to provide employment for 2,000 more workers in the food industry and for 24,000 in the other industries. In all, the transfer of industrial equipment will provide opportunities for work for another 26,000 persons in Slovakia.

The number of persons employed in Slovak industrial production will show a total increase by the end of 1948 of about 47,000, or about a third of the number at present employed.

2. Agriculture.

Capital investment in the agricultural sector of Slovak economy amounts to 2.1 milliard Kčs, i. e. 40.3 % of the total national investment. Investment in agricultural machinery will make Slovak farming easier and greatly increase agricultural productivity. The capital works programme for agriculture includes the construction of farm-buildings in re-settled districts and the reconstruction of farm-holdings in eastern Slovakia destroyed by the War.

The investment grant for forestry will be employed mainly in the development of the woodworking combine in Zvoleň, for the repair and re-equipment of the state-owned saw-mills damaged during the War and for improving the transport of timber from the plantations. Forests and woodland which suffered severe depredations during the Occupation and large-scale destruction as the result of military operations represent an important factor in Slovak economy. Every effort will be made to maintain an annual yield of 5,500,000 cubic metres without reducing basic forest stocks. Great care will be devoted to afforestation and the establishing of forest nurseries.

3. Transport.

The investment programme for transport in Slovakia reckons with an expenditure of 4.71 milliard Kčs or 31 % of the total national appropriation for this branch of economy. In the department of rail-transport, the number of locomotives will be augmented and the necessary equipment schemes carried out for increasing the capacity of the Košice-Bohumín line. Complete replacement plans for transport equipment, which was destroyed to a much greater extent in Slovakia than in the Czech Lands, require a longer period than two years for their realization. Railway construction projects on which work has already been started could only in part be fitted into the Plan and, in certain cases, work will only be proceeded with in as far as local labour and local resources are available for its execution.

In the department of inland waterways, the Danubian harbours will be developed and the river fleet progressively brought up to strength. Road transport will be bettered by the putting into service of new vehicles and by the opening of new routes.

4. Housing.

In order to raise the general standard of living of the population, it is essential to make good, on as large a scale as possible, war-damage done to dwellings. An extensive building and repair programme will be carried out, under which 15,000 dwelling-house units will be erected and 35,000 repaired and re-conditioned, at a total expenditure of 4.8 milliard Kčs.

5. Water-utilization, Transport and other Public Works.

In the above branches, the share of Slovakia in the planned capital investment is 3.73 million Kčs or 36.2 % of the total national investment. The most important item in this programme is the water-utilization works scheme. In addition, a number of public buildings under construction will be completed and reconstruction work on roads and damaged bridges continued.

F. SCHEME FOR DEVELOPMENT AREAS IN THE CZECH LANDS.

The Government, in its programme, has bound itself to devote special care to the economically undeveloped areas in the Czech Lands, especially in the south of Bohemia, the Middle Vltava and Podbrdsko, the Czecho-Moravian Heights, Valašsko and Slovácko, which are, at present, unable to provide a living for their inhabitants and are becoming depopulated. The first step is to check this outward movement of population by improving the basic economic conditions and thus raising the prosperity of these districts and the standard of living of the inhabitants. Within the framework of the Two-Year Plan, this aim will be achieved chiefly by the transfer of industry and by the building-up of new industries.

A thorough study and survey of these areas shows the following measures to be essential: large-scale electrification based on the exploitation of water-power and of south Bohemian and south Moravian lignite, the extension of the road network and the development of road transport by increasing the number of motor-bus connections and, finally, the reorganization of agricultural production called for by the transfer of Germans from the Border Districts (the founding of co-operative societies for collective grass-farming and of valley farms, etc.).

The task of long-term planning is to raise the economic level of these areas to that of the overall average of the Czech Lands.

As this task oversteps the limits of the Two-Year Plan, the general aim of which is to raise the production of capital and consumer goods to the pre-War level, priority must be given to the undeveloped areas in respect of the transfer of machine equipment from the Czech Border Districts, in the establishment of new enterprises, especially in the food industry branch, in projects for the modernization and reconstruction of existing enterprises, in the procuring of all means serving to increase agricultural and woodland productivity and in the allocation of local authority grants. No industrial enterprises will be closed down in these areas before other industrial enterprises are substituted capable of giving at least an equivalent number of persons employment.

The progressive electrification of 300 parishes in the south of Bohemia, of 58 parishes in the Middle Vltava and Podbrdsko districts and 181 in the Czecho-Moravian Heights, Slovácko and Valašsko will allow of extensive utilization of electric power.

Fact-finding surveys will be carried out by teams of experts, so that lignite, earth gas and other natural resources may be industrially exploited; research work will also be carried on and projects framed for new power-supplying works.

In the department of water economy, it is not only a matter of exploiting water for the purposes of power-production, agriculture and industry, but also of improving climatic conditions partly by the actual construction, and partly by the commencement of preliminary works for the construction of reservoirs and ponds. The scheme for the betterment of the economically little-developed areas includes the regulation of water-courses, the damming of mountain torrents, ameliorative, water-supply and sewerage schemes, etc. The above measures will also contribute to the navigability and the purity of the watercourses and to the improvement of public health conditions in the development areas.

In rail and water-transport, the main effort will be directed towards organizing inter-regional bulk and long-distance transport and towards increasing facilities by improvements in the railway time-tables. In road transport, the extension of motor-lorry and bus services will improve the network of communications and strengthen economic activity in the development areas. Reconstruction work will be carried out on 188 km of track and on 86 km of permanent way. The installation of warehouse and storage facilities and the adaptation of goods-handling and operational buildings will contribute to the development of transport; the system of communications will be supplemented by the installation of new postal, telegraph and telephone equipment.

In agriculture, the chief aim must be to increase animal productivity by commuting 48,021 hectares of small, irregular and individually worked croftings into hill pastures and 12,005 hectares into valley farms. Similarly, the planning of plant production and the distribution of fertilizers is, in part, aimed at the exploitation of the specific soil and climatic conditions of these districts. Agricultural machinery co-operatives and district machinery depots in the development areas will be conceded priority for machine equipment. Higher agricultural productivity will also be made possible by realignment of farm-holdings as well as by soil amelioration.

The extension of the electric circuit network and the mechanization of agriculture will help to alleviate the insufficiency of labour. The completion of the land-settlement schemes and the revision of the allocation modus of the so-called "remainder farms", will provide our economy with new helpers. Holdings will be reconstructed and model research, breeding and improvement stations set up.

In industry, new factories will be erected and industrial equipment will be transferred from the Border Districts to suitable buildings whereby new opportunities for employment will be created. Industrial investment in development areas will be shared for the most part among the wood-working, the peat and wood-refuse utilization, the toy-making, the food-products, the precision-tool, the electro-mechanical engineering, the chemical, the pharmaceutical, the textile and clothing, and the leather-goods industries. Cottage industries and handicraft production will also be encouraged.

In the building industry, public buildings will be put in repair and those under construction completed. Within the framework of the Two-Year Plan, at least 9,000 dwelling-house units will be erected in order to mitigate the housing shortage in the development areas. More attention will be paid, too, to the general appearance and amenities of the villages and towns; new regulative plans will be worked out in detail and surveys made for the drawing of new cadastral maps.

All aid given by the economically better-situated areas would prove of little avail, however, if it were not supplemented by the working effort of the population living in the economically less favourably situated areas.

G. STANDARD OF LIVING.

The main objective of the Two-Year Plan is the raising of the standard of living among the people. Its realization will make possible a substantially higher standard of living not only compared with present conditions, but also on a comparison with pre-War standards. Agricultural production will be on a pre-War level; industrial production will be even 10 % higher than before the War, while the industrial returns will be shared among a reduced number of consumers. The completed nationalization of the heavy and key industries is, besides, a guarantee that the fruits and profits of national labour will not find their way into the hands of a few individuals, but will be harvested by the community as a whole.

Not even the large-scale investment programme will prevent a rise in living standards. Investments are calculated in such a way that they are compatible—the decrease in the number of consumers being taken into account—with a greater per capita consumption than before the War. This fact is confirmed by the following statistical survey:

In the year 1946, our estimated national income was about 145 milliard Kčs. Supposing investment to amount to 10 % i. e. about 15 milliard Kčs, and the consumption of the German population amounted to about 5 milliard Kčs, there remains a sum of about 125 milliard Kčs for the consumer requirements of the Czech and Slovak populations.

For the year 1947, it is possible, on the basis of planned production estimates, to reckon with a national revenue of 160 milliard Kčs. If we deduct the sum of 30 milliard Kčs, which is equivalent to the capital investment presumed in the Two-Year Plan, there remains, after the transfer of Germans, 130 milliard Kčs, or 5 milliard Kčs more than in 1946, for consumption by the Czech and Slovak populations.

In the year 1948, a further rise in the national income is expected to bring it up to 180 milliard Kčs, while the Two-Year Plan provides for capital investment amounting to 40 milliard Kčs. There thus remains for consumption 140 milliard Kčs, which is 10 milliards more than the corresponding estimate for 1947 and 15 milliards more than for 1946.

Thus the presumption embodied in the Two-Year Plan of a rise in the general standard of living is fully justified.

The analysis, however, indicates that any further increase in capital investment would make the 10 % rise in the standard of living anticipated in the Bill impossible.

As there are special difficulties in the way of increasing consumption in the case of textiles, footwear, meat and fats, the Bill ensures at least the reaching of the pre-War standard of consumption. As regards meat, consumer requirements will even be exceeded and the surplus arising from the difference between production and consumption will reduce the import requirements of fats,—especially of lard.

The increase in the number of employed persons presumed in the Bill and the increased productivity of labour will lead to an increase in earnings. The purchasing power of consumers will thus be greater and provide a secure market for the expanding volume of consumer goods. A similar tendency will be effected by the lowering of the price index.

IV.

CONDITIONS FOR THE SUCCESS OF THE PLAN

A. **Labour Force.**

The additional labour requirements for the realization of the tasks of the Two-Year Economic Plan were estimated on the basis of preliminary investigations carried out and notifications made by the different branches of production.

Assignments of labour will not be made strictly in proportion to requirements, but according to the principle of priority of importance for the realization of the Two-Year Plan.

We consider it necessary to emphasize that, in all places of employment, conditions must be regulated and the superfluous labour force in offices, enterprises and institutes drawn off.

The mobilization of labour will be carried out, as far as possible, on a voluntary basis, as is in keeping with the democratic nature of our State.

Labour requirements and how they are to be met.

In the Act, mention is made of the necessity of providing, either by recruitment, or redirection, a labour force, in round figures, of 270 thousand workers for industry;

90 thousand for building and constructional work; and 230 thousand for agriculture and forestry. According to preliminary surveys of the different branches of economy in the Czech Lands and Slovakia, labour requirements are distributed in the following way:

Sector	Czech Lands	Slovakia	Total
1. Agriculture and Forestry . .	225,000	5,000	230,000
2. Industry	223,000	47,000	270,000
3. Building . . . . ,	77,000	13,000	90,000
Total	525,000	65,000	590,000

In industry, the greatest shortages of labour appear in the mining industry, in the textile industry and in the building materials and ceramics industry. In agriculture, our chief requirements are for a permanent labour force to maintain and develop animal production, and, in the building industry, for a proportion of skilled workers amounting to more than half the total labour force required.

The above requirements will be met by mobilization from the following main sources: by re-directing redundant staff in the public administration and its enterprises; in the distribution of goods services; in financial and insurance institutes; in the administration of non-public offices and in the independent professions; by making use of the labour reserves in industry and in villages; by the attraction of women hitherto engaged in household work and of pensioners and of persons with reduced working capacity; by the planned absorption of young people entering the wage-earning group; by the recruitment of persons chronically indisposed to work and by the active support of re-immigration schemes.

The labour requirements quoted in the Act were fixed as for 1. 8. 1946. The influx of labour into the various branches of employment between this date and 31. 12.

1946 will thus be included in the quotas mentioned in the Act.

The control and distribution of further labour requirements.

As the Two-Year Economic Plan was worked out at a national level and sectionally, the figures corresponding to the required number of additional workers for the individual branches of economy are merely estimates, which will, in the course of planning, need to be re-checked. The anticipated demand for additional labour must further be classified according to the needs of individual enterprises, grades of employees, the areas of the District Labour Exchanges and according to the point of time in the productive process at which an augmentation of the labour force is required.

In order to effect transfers of workers from one branch of industry to another, it will be necessary to make investigation in those same enterprises and concerns to which additional employees are to be assigned. The fact-finding investigations will be carried out by the Ministry of Social Welfare and the organs under its authority. The Provincial and District Labour Exchanges will be assisted by Working Commissions for the recruitment of labour, on which the National Committees and the appropriate sections of the unified Trades Union organization and of autonomous economic bodies will be represented.

Methods of mobilizing labour reserves.

It is necessary to make use, in the first place, of workers with experience of employment for the following reasons:

a) workers with employment experience are, in general, better qualified than those newly acquired;

b) many departments of production and administration employ a relatively too high proportion of workers and are thus financially overburdened, while the working morale also suffers. In such cases, the levy not only recruits a supply of labour but materially aids the economic recovery of over-staffed departments.

Employees declared redundant will be released from enterprises and offices as soon as new opportunities of employment are made available, while they will be given the greatest possible freedom in the choice of new employment. The transfer to new work will be made easier for such persons by a number of social measures through which they will be assured of a decent standard of living. As regards office employees, transfer measures will apply, in the first place, to persons previously employed in the productive process.

In spite, too, of the prevailing shortage of workers in agriculture, there are hidden labour reserves which have not yet been fully utilized. These reserves must be recruited and, in addition, schemes for mutual help encouraged among neighbouring farmers.

The mobilization of labour reserves for re-direction into employment will be carried out on a voluntary basis to embrace all the creative forces of the Czech and Slovak peoples.

In mobilizing the labour reserves, it will be necessary to fulfil certain preliminary conditions:

1. *Women* employed up till now in household work will be assured of employment in branches of production suitable for women, and that in all parts of the Czechoslovak Republic. At the same time, the types of work will be specified in which women are conceded priority of employment. The place of work for women will lie within reach of local transport facilities, in as far as this is practicable in view of their personal choice of work. Wo-

men will be helped in their contribution to the national effort by increasing the number and bettering the equipment of nursery schools, children's centres, factory crêches, school canteens, cheap laundries and mending services, and by the rationalization of household work, etc. Married women will be given the opportunity of half-day employment in occupations for which they are specially suited. In solving the question of wage scales, all wage differences between men and women, for the same work, will be abolished. The opening and closing hours for shops will be fixed so that women in employment may also be able to do their shopping.

2. *The planned absorption of young people into industry.* While respecting the principle of free choice of occupation and the personal qualification of the individual, the flow of young people into industry will be directed into those types of training and work which are important for the realization of the Two-Year Plan, and in which young people have the prospect of permanent employment. The flow of young people into secondary and vocational schools will also be regulated. The interest of young people in productive work will be further increased by the improvement in methods and opportunities of vocational training for the "follow-up", by the betterment of working and social conditions for apprentices, by the proper equipment of vocational schools and by inculcating a respect for manual work. The will of youth to contribute to the work of economic reconstruction will find outlet in the organization of voluntary schemes for giving aid to these sectors of our economy which are threatened in their development by a shortage of labour.

3. *Pensioners and persons drawing disablement benefit* will be given priority of opportunity in employments which are suited to their working capacity, without prejudice to their existing claim to disablement benefit or pension.

4. *The enforced employment of persons chronically indisposed* to work is a moral obligation towards those who fulfil their civic duties voluntarily.

5. *The re-immigration of compatriots from abroad* will be carried out on the basis of planned organization and such persons will be guaranteed priority in the allocation of employment.

6. *Slovakia* will make a contribution from her labour surpluses to the labour force required for agriculture, building and industry in the Czech Lands.

The increase of labour efficiency.

The draft of the Bill requires an average increase in labour efficiency or output per man-hour, by the end of 1948, of 10 % as compared with the base year 1937.

The increase in labour efficiency will be achieved by means of organizational, technical and socio-political measures. It is necessary to carry out the rational reorganization of enterprises and strengthen both discipline and working morale. The production programme must be simplified and the division of work among the different enterprises as well as standardization and typification of products must be intensively furthered. In order to make production as economic as possible and to provide for its control, it is necessary to determine standards of labour, of material and power consumption and of quality of the product. In order to economize effectively with labour, it is necessary to plan labour requirements by breaking down the job into its constituent units in the different workshops, to watch the output per man-hour, extend the system of piece-work and, where it is practicable, introduce bonuses. By appropriate wage-scaling, too, the industries important for the Two-Year Plan must be made more attractive to labour.

In the domain of socio-political measures, it is essential to educate workers to a positive attitude to work and to treat with severity those who impair the working morale;

The chief means towards increasing and ensuring the desired economic prosperity of the State, is national competition in building up the Republic—a task, the directing and organization of which has been entrusted to the Central Committee for National Competition with its executive organs in every district. In the new economic order, competition is the necessary complement of the Plan and the spur which takes the place of the former capital assessment of initiative in the free competition of economic forces. In a planned economy, competition must contribute to the mobilization of all creative forces, to the raising of the working morale and to the greater productivity of labour.

By means of work competition we wish not only to reach but to better the results gained in the past, to increase the productivity of labour and the remunerativeness of nationalized production, to effect a reduction of prices and pave the way for higher wages and to achieve a better appreciation of the work of those individuals and collectives who have contributed most, through their work and efficiency, towards raising the standards of production.

B. Investment.

An investment policy must also be planned, as the instruments of investment are limited in the same way as reserves of labour or basic material resources. Investment is limited through two circumstances. First of all, it is possible to devote only a part of the total national revenue to the purposes of capital investment, which part cannot be increased at will, as every increase means a corresponding decrease in the other part of the national revenue earmarked for consumption; the gauging of the part allotted to consumption requirements is also dependent on certain economic and political considerations. Further, investment is limited by the quantity of capital equipment that it is possible under the given circumstances to supply i. e. to produce or import. It is thus also limited by the capacity of the principal capital-goods producing industries, especially the machine-tool, electro-technical, powered-vehicles industries, etc., and further by the capacity of the building industry, as well as by the volume of capital goods it is possible to import. For these reasons, it is necessary to balance investment in the same way as labour and raw materials are balanced. Without a planned investment policy, there can be no planned economy.

In connection with the question of what total volume of investment is possible and advisable, we frequently hear an erroneous view put forward based on the assumption that the volume of investment is determined by the financial means available. This is not the case, however. If all the physical instruments of investment are available i. e. labour force, basic materials and productive capacity for capital goods, investment can be carried out and it is the proper task of financial policy to mobilize the financial means required to realize the investment policy for which the physical instruments are available. The Government Programme takes its stand on this assumption and makes the following declaration in the paragraph on financial policy:

"The financial policy of the State has to ensure the realization of the Two-Year Plan on its financial side. It must see to it that the planned investment works for which labour, basic materials and means of production are available, should not be held up by an insufficiency of financial means."

Before proceeding to the question of the dual limitations imposed on investment, an estimate must be made of the total national "product" or income, with which it is possible to reckon. As it was not possible, however, in drawing up the Two-Year Plan, to base computations on the national income on the material resources, use was made of the current statistical material relating to national revenue.

The national income for the year 1937 was established at the sum of 60—67 milliard Kčs. The Government Programme presumes that in spite of the transfer of Germans, it will be possible to raise the "real" volume of national products to the pre-War level. In view of the fact that prices and wages have risen to about three times the pre-War level, the national income at the end of the year 1948 would amount to not more than 200 milliard Kčs, and we must remind ourselves that this is a maximum estimate. On the basis of preliminary estimates made by certain national economists (Dr. Stádník) of the national income for the year 1946, it may be presumed that the national income for 1947 will be in the neighbourhood of 160 milliard Kčs and, for the whole of the financial year 1948, about 180 milliard Kčs.

There remains the question as to what part of these totals may be allocated to the purposes of investment. The percentage of national income sunk in investments in highly developed capitalistic countries, under pre-War conditions, was estimated to be 10 %, at the most. In the Soviet Union, investment rose to as much as 24 % during the Five-Year Plan, to fall later, on the rationing system being abolished and consumption rising, to about 19 %. Under present conditions, we may consider the effective investment percentage of the national income to be 15 %. This percentage is higher than that devoted to capital investment in Czechoslovakia before the War. This is not in contradiction to the Government Programme, which lays down that the general standard of living, both on its material and cultural side, must be higher by the end of 1948 that it was before the War, which means that the per capita consumption must be greater than before the War. Nevertheless, it is possible to raise the percentual participation of investment in the national income, because the national income is now shared among a smaller population. Thus it is possible, while assuming the same sum of national income as before the War, to raise the consumption per head of population and simultaneously increase the percentage of the national product earmarked for investment. It will thus be possible to invest up to 15 % of the national income which, along with the current replacement investments, would bring the total volume of capital investment up to about 20 %.

If we take as our basis of consumption the above-mentioned estimate of the national income, we come to the conclusion that 20 % is the appropriate investment percentage of the national product, which in the two years of the Plan will amount to approximately 340 milliard Kčs. It will thus be possible to devote a part of the national income amounting to about 68 milliard Kčs, to investment.

There remains the question as to whether the average yearly investment of 34 milliard Kčs can be realized from the point of view of the capacity of the chief industries producing capital goods. Before seeking an answer to this question, we must differentiate between investment involving building and constructional works and capital goods. According to the requirements put forward for the Two-Year Plan, as well as according to the final form in which they were approved, the ratio of investment in building and constructional works to that in non-constructional works was approximately 55:45 or 18.4: 15.6 milliard Kčs. It is necessary to discuss, first of all, the possibility of building investments involving an average total expenditude of 18.4 milliard Kčs. The volume of building investment in 1947, excluding that in the sector of agriculture, is estimated at 4.3 milliard Kčs. It may be presumed that we shall succeed in lowering the index figure of expenditure on capital works to 350 as compared with the base year 1937. It is further anticipated that we shall be able to increase the volume of constructional and building activity from the present unsatisfactory level by 15 % over that of the year 1937, which was not the peak year in that branch. On these presumptions a yearly capacity of about 17.3 milliard Kčs (i. e. 4.3×3.5×1.15=17.3 milliard Kčs) may be anticipated. In addition, it is necessary to make allowance for capital works in agriculture which, however, do not represent a very large percentage of the whole and are well within the milliard mark. On the basis of these calculations which, it must be kept in mind, are marginal, the desired investment in capital works is capable of realization, but only on condition that a sufficient number of workers are mobilized for the building and constructional works industries and that certain extraordinary measures are carried out.

The volume of average yearly investment in machinery demanded by the Two-Year Plan was estimated, as already mentioned, at 45 % of 34 milliard Kčs or 15.6 milliard Kčs. The volume of investment in capital goods which it is possible to realize, with the given capacity of industry, can be estimated according to current industrial statistics. The market value of the chief branches of production i. e. machine-tools, electro-technical and coachmaking industries, according to the averages for the three months for which data are available, i. e. February—April 1946, represents 700—800 million Kčs monthly or 10 milliards yearly. We may take it that these industries are now producing to only about 50 % of their capacity and that, during the two years of the Plan, production will be increased to full capacity. It is thus possible to reckon with an annual production in these branches of capital goods with a market value of about 20 milliard Kčs. The metal-working industry, alone, expects production in the machine tool, powered vehicles (rolling-stock excluded) and electro-technical industries to amount to 17.2 milliard Kčs for the year 1947 and 20.4 milliard Kčs for the year 1948. Investment in industrial machinery can thus be covered on an average of about 15.6 milliard Kčs yearly. The difference between this sum and the average yearly production represents the surplus of industrial machinery available for export and which should provide the basis for trading negotiations.

The physical character of investments and investment possibilities leads to certain practical conclusions. The volume of investment is no longer made to depend on the amount of financial means but on the existence of material resources. Only expenditure which is a burden on the national production represents investment from the point of view of the national economy. If, for instance, a certain industry wishes to carry through an investment programme within the next five years, but, during the period of the Two-Year Plan, requires only an advance of financial means to that end, that is then, not an investment such as would tie up means of production in the first two years. Thus it is necessary to ascertain whether investment will be physically realized or whether it is merely a financial transaction. In certain industries it may be possible to carry out investment in such a way that enterprises in the Border Districts will be transferred to works which are to be expanded. The expenditure involved in such a purchase will not burden part of the national income at the expense of consumption and is not, therefore looked upon as investment from the point of view of the Plan.

A further practical deduction follows in regard to imports. It is maintained that, for example, if machines are imported from abroad, such a transaction cannot be looked upon as investment. But even though these machines do not tie up means of production, goods are immobilized which must be exported in order to balance payments for the imported goods. Imports on credit would not, however, make immediate claims on our productive possibilities.

The possibility of such imports is left as a reserve, for the Plan is not based on the assumption of foreign credits.

Industrial enterprises or branches of industry must not suppose they can invest their own financial means outside the framework of the Plan. It is plain that investment, no matter who provides the financial means, always makes claims on the country's labour force, basic materials, etc. From the point of view of a burdening of the national production, and of the productive capacity of the machine-building and constructional industries, the source from which financial capital is derived is quite irrelevant.

Only those capital works carried out by the enterprise's own labour force and with local basic materials do not make demands on additional means of production. Such may therefore be left out of account in planned investment.

C. The Economic Utilization of Basic Materials.

The Two-Year Reconstruction Programme makes large-scale demands on the procuring of basic materials required in the production of capital and consumer goods.

The task of basic material economy is to produce or ensure the supply of basic and other materials as well as the energy necessary for the fulfilment of the tasks laid down in the Government Programme and expressed either in target figures (as in the case of coal, iron, steel, power-fuels, artificial fertilizers, electricity, locomotives, coaches, motor-lorries, etc.), or, in the case of certain key commodities, in the form of a comparison of future production with pre-War output.

In the course of fact-finding investigations into the requirements of basic and other materials and energy, a detailed analysis was carried through of the claims made by the different branches of production. These claims were examined from the standpoint of their extent, their importance and their priority for the realization of the Two-Year Plan. At the same time, the endeavour was made, where the requirements must be met by imports, to reduce the quantities to a minimum so as not to affect too unfavourably the balance of imports and exports.

In all, requirements were investigated and balanced of about 165 basic materials and auxiliary materials as well as of power.

It is essential that, in the consumption of basic materials and auxiliary materials and power needed in production, the following principles should be observed:

a) the greatest care and economy in the handling of basic materials, auxiliary materials and power required for production and the building up and maintenance of only essential and adequate stocks;

b) the effective rationalization of the productive processes in the interest of savings in basic materials, auxiliary materials and power;

c) the carrying out of planned capital works according to their priority of importance for the Two-Year Plan and with the aim, too, of gradually rationalizing production and of achieving a saving in basic materials, auxiliary materials and in power;

d) a greater effort to be made in collecting scrap and old material, which form an important source of supply for basic materials.

The basic or "primary" materials of production are coal and iron, in certain cases rolling mill material and steel castings, of which the total balance of requirements is given in the following tables.

The basic power is electricity, the requirements of which are given further on.

The Two-Year Plan fuel 1947—48.

(in 000's of tons)

Requirements

Year	Fuel	Industry	Transport	Domestic fuel	Coke production	Total
1947	coal . . .	10,206	2,150	1,498	3,600	17,454
	brown coal .	14,457	2,830	4,205	—	21,492
	coke . . .	1,155	20	665	—	1,840
1948	coal . . .	11,126	2,150	1,644	3,800	18,720
	brown coal .	16,526	2,489	4,235	—	23,250
	coke . . .	1,259	21	650	—	1,970

Yield-Production

Year	Fuel	Named in the Gov. Prog.	T.Y.P. increase	Planned	Total Deficit	Import	Export
1947	coal . .	15,774	600	16,374	—1,080	1,200	c)120
	brown coal	21,822	a)500	22,322	— 830	—	830
	coke . .	2,050	b)290	2,340	— 500	—	500
1948	coal . .	16,700	1,000	17,700	—1,020	1,200	c)180
	brown coal	25,900	a)450	24,350	—1,100	—	1,100
	coke . .	2,210	b)310	2,480	— 550	—	550

a) Production of coke from brown coal.

b) Production of gas coke.

c) Ostrava coal.

The Two-Year Plan for Iron, Steel and Rolling Mill Products 1947—48.

(in 000's of tons)

		Requirements						
Year	Iron	Gov. Prog. target	Capital works	Capital goods	Transport	Consumer goods	Operation and maintenance	Total
1947	Rolling mill material and castings . .	283	227	186	247	262	168	1,373
1948	Rolling mill material and castings . .	300	247	177	317	309	203	1,553

		Production						
Year	Iron	Rolling mill mat.	Grey iron	Cast steel	Total	Difference	Import	Export
1947	Rolling mill material and castings .	1,500	200	100	1,800	+427	—	427
1948	Rolling mill material and castings .	1,650	220	110	1,980	+427	—	427

The Two-Year Plan for Electric Power for 1947 and 1948.

(in millions of kilowatt hours)

	Requirements					
Year	Ind.	Transport	Domestic and Public Lighting	Agricult. and Workshop	Network leakage	Total
1947	4,048	150	360	865	942	6,365
1948	4,578	180	420	1,050	1,172	7,400

Production				
Factory power-stations	Cz. Electr. Enterprises	Total	Difference	Import
3,445	2,790	6,235	—130	130
3,715	3,555	7,270	—130	130

D. Export Trade.

The introduction of a planned economy into this country, has imposed on our export trade a much greater and more responsible task than it has been faced with before. It is no longer merely a question of the Ministry of Export Trade making international business relations possible by negotiating and signing trading agreements, of equal importance is the drawing up of a programme of imports and exports and the entrusting of its realization to such organs as are capable of fulfilling the Two-Year Plan.

Direction of the export trade comes up against problems of a kind altogether different from those in other branches of economy. Export trade is not dependent on our own efforts alone, but is the result of negotiation between two partners of whom only one is within the framework of our economy, and so subject to the rulings of our domestic economic policy.

The import programme must be accommodated chiefly to the requirements of the production plan, though at the same time, the special demands of export trade must be taken into consideration. The production of certain commodities, which might seem superfluous from the point of view of the Two-Year Plan, as, for example, luxury goods (cut crystal, etc.), is as important for export and so for the payment of imports as, to take another example, the output of coal for the production plan.

V.

THE BUDGET AND THE PLAN

The elaboration of the Two-Year Plan is of practical consequence in the balancing of the budget. A part of the central and local Government authorities budget is, namely, already appropriated by the investment policy laid down in the Two-Year Plan. Budget expenditure may be classified under three heads:

1. Investments in accordance with the Two-Year Plan.
2. Additional physical expenditure.
3. Salaries, wages, etc.

Expenditure under the first head is fixed by the Plan. The volume of expenditure under the second and third heads must be determined, and that, indirectly, by the fact that only a certain proportion of the national income can be disposed of through the budget. If that part of the national income to be appropriated to the budget, is fixed, then the volume of any budgetary expenditure under heads 2 and 3 must correspond to the difference between the total budget expenditure and the planned investment expenditure.

It will be the task of those drawing up the budgets to determine what relation expenditure is to bear to the national income. According to the data available, it may be presumed that this relation, for the duration of the Two-Year Plan, will be between 40 and 50 %.

The revenue side of the budget must aim at achieving a balance between the purchasing power of consumers with the volume of commodities and services available on the market.

Another point to be borne in mind in considerations relating to planned investments and the budget is that both the central and local Government authorities are empowered to carry out certain investments outside the framework of the Plan. These investments must be capable of execution by local labour not employable for the purposes of the Plan and with exclusively local basic material resources. An example of this type of investment is the maintenance of secondary roads through the seasonal employment of cottars, who cannot usually accept permanent employment, and the utilization of local materials such as sand and gravel. As such capital works do not make any claim on the material resources earmarked for the investment programme of the Two-Year Plan, they may be carried through, though not incorporated in the Plan. The financial means required will come under the second and third heads of the above-mentioned forms of budgetary expenditure and not under the first head of planned investments. In the planning and execution of such works, local initiative can make a very valuable contribution by helping to mobilize all forces in the task of economic rehabilitation.

VI.

THE TWO-YEAR PLAN ACT

It was necessary to provide the Economic Plan with a proper legal basis. It was no easy task, as there was, of course, no precedent for it in our legal system. There were, it is true, laws relating to financial budgets, which actually represent a yearly part-plan of national finance, but such a plan embraced only a limited sector of the national economy and was ruled by other considerations. In devising legal norms, it was necessary to envisage an entirely new situation and devise appropriate means and methods for coping with it.

Legal Problems connected with the Bill.

The Bill had to find a solution to a number of fundamental problems:

First of all, a decision had to be reached as to the measure in which the economic content should be taken over into the Act. It was clear that the Economic Plan could not be incorporated in the Act as it stood, for it is possible to embody in legislation only guiding principles and basic tasks expressed in quantity, money or other form, if only for this reason that the contents of the Economic Plan would otherwise become rigid and inelastic. The pertinent tasks and measures are contained in the first part of the Two-Year Plan Act.

A somewhat different yardstick than the usual one must be applied to the legal obligations arising out of the fitting of these tasks and measures into the framework of an Act. No target figure or task is absolute in the sense that the prescribed limit and that limit alone must be reached. In practice, the result will almost always pass or fall short of the exact figure, so that divergences must always be allowed for. Such justifiable divergences are only natural and so it is unnecessary to make special provision for them in the Act. On the other hand, within the period in which the Plan is being carried into effect, situations might arise which would make the accomplishment of a planned task impossible or inadvisable and necessitate the making of certain alterations in the Plan. Such a possibility cannot be ruled out, as our national economy is affected not only by natural factors but also by our close inter-dependence on world economy, which might disappoint our expectations in the sphere of export trade. Technical advances might also occur which would render the realization of a certain work target useless and uneconomic. As the basic tasks and measures of the Plan are laid down by law, it was necessary to insert provisions which would allow of a considerable degree of flexibility in re-defining the tasks or measures affected, should any substantial change take place in the presumptions on which the Two-Year Plan was based or should other reasons of sufficient weight be brought forward. At the same time, the question arises of finding a formula for the realization of these changes which would ensure proper recognition of the legal obligations arising out of them. The matter was resolved by an enactment in clause 3 of par. 16 according to which the Government can carry out changes, of the kind referred to, by means of Government regulation as well as on the basis of the provision contained in par. 16 clause 4, which allows of a more elastic re-distribution of unexploited physical means.

An overall national plan demands detailed vertical planning from the top down to the enterprises, as industrial units; sectoral planning according to the kind of economic activity (part-plans for industry, agriculture, transport, etc.); planning according to the area in which the activity in question is to be carried out; and according to the temporal duration and time sequence fixed for its realization (yearly, quarterly and monthly plans; proper temporal co-ordination of the sectoral plans). The legal basis for this procedure is contained in paragraph 12, clause 2.

As the realization of the Two-Year Plan cannot be contemplated without the full participation of our export trade, our currency policy is directly bound up with the Plan. For that reason, it is necessary to devote constant attention to export, nor must we be neglectful of those branches of production which, though not actually cited in the Two-Year Plan, are of importance for our export trade and so also for our balance of foreign currencies. These considerations are all taken into account in the enactments of clause 2 of par. 12.

After the working-out and formulation of the Plan, there follows the period of its operation, which is more difficult than the first stage. It is necessary to watch the Plan as it is translated into practice, and be ready to take prompt action wherever the Plan is not being carried out in fact or intention, to do which, however, requires all-round control. It is necessary, too, that in carrying out the Plan, the danger of its breaking up into unorganic group activity should be guarded against,—a danger which is very real for this reason, that every agent entrusted with the realization of the Plan naturally focuses his attention on the fulfilment of his own particular task. The ensuring of the operation of the Two-Year Plan and its control are embodied in clause 1 of par. 13.

The participation of the Constituent National Assembly in the control of the operation of the Two-Year Plan is assured through the enactments of par. 14.

The realization of the Economic Plan demands the concentrated effort of all our citizens. Clause 1 of par. 15, therefore lays down, as an obligation, the fulfilment of concrete tasks towards the carrying-out of the Two-Year Plan, while taking into consideration the personal and social standing as well as the economic capacity of the citizens affected.

In view of the fact that the success of the Two-Year Plan depends on the increased productivity of all kinds of enterprise (nationalized, private and co-operative) and on their mutual co-operation, the principle of their essential equality before the law is incorporated in the Act (par. 15, clause 2). Thus a feature especially characteristic of the Czechoslovak economic structure is legally documented: a system in which nationalized, private and co-operative enterprise stand side by side as partners possessing absolute equality of rights; on all three types of enterprise the same obligations are imposed and all enjoy the same rights.

The enactments of par. 16, clauses 1 and 2, aim at facilitating the operation of the Two-Year Plan and ensuring co-ordination of its different sections. These aims are to be achieved by two means: the first is the authorization of the Government to take the necessary measures for the fulfilment of the Two-Year Plan by the issue of pertinent regulations and orders, in as far as such measures do not call for a new Act. The second is the demand for the approval of the Government Presidium in respect of those measures of an economic nature, which can be initiated by individual ministers, in as far as these measures affect the fulfilment of the tasks set by the Two-Year Plan.

THE TWO-YEAR ECONOMIC PLAN ACT

Czechoslovakia

THE TWO-YEAR ECONOMIC PLAN ACT.

OCTOBER 25th 1946

The Constituent National Assembly of the Czechoslovak Republic has passed this Act:

Part I

The Exactment of the Two-Year Economic Plan

Section 1

Basic Tasks of a General Character

§ 1

In order to further the reconstruction and development of the economy of the Czechoslovak Republic and, at the same time, raise the standard of living of the people, a Two-Year Economic Plan has been drawn up for the years 1947 and 1948 (from now to be referred to as the Two-Year Plan) incorporating the following basic tasks:

a) ***in industry,*** the level of production by the end of the year 1948 to show an increase of 10 % over that of the year 1937;

b) ***in agriculture,*** the pre-War level of production to be reached by the end of 1948;

c) *in the building industry,* the necessary number of dwelling-houses to be made available; the investment programme for large-scale industrial and agricultural buildings to be realized; the renewal and development of public communications and utilities including public health utilities; the building of new and the improvement of existing waterworks and sanitary installations and the securing of the buildings urgently required for local authorities;

d) *in transport,* to achieve the total carrying capacity of the year 1937;

e) to speed up the process of *raising Slovakia's economic level* to that of the Czech Lands, especially by a fuller exploitation of its power and raw material resources and of its labour-force, as well as by the creation of new opportunities for employment;

f) to develop the economically little-developed districts in the Czech Lands.

Simultaneously with the carrying out of these basic tasks, there will be a corresponding increase in the total production of consumer goods.

Section Two

Basic Tasks in the Different Branches of our Economy

§ 2

Industry

Industrial production to be stepped up so that by the year 1948 the following levels of production will have been achieved especially in the industries quoted below:

a) *Mining Industries, chiefly:*

coal	17,746,000	tons
brown coal (lignite)	23,900,000	„
coke	3,910.000	„
iron ore	1,737,200	„
petroleum	82,000	„

In the year 1947, the output of coal is to be 16,734,000 tons; of brown coal 21,822,000 tons; of coke, 3,740,000 tons.

b) *Power-supplying Industries, chiefly:*

Electricity	7,400,000,000 kilowatt hours
Gas	420,000,000 cubic metres

In the year 1947, 6,365,000,000 kilowatt hours of electricity are to be generated.

c) *Forge-Industries, chiefly:*

pig-iron	1,460,000	tons
unwrought steel	2,400,000	„
castings	330,000	„
rolling-mill products	1,650,000	„

In the year 1947, the output of pig iron is to be 1,340,000 tons, and of unwrought steel. 2,200,000 tons.

d) *Iron and Metal Works Industries, chiefly:*

railway freight trucks, passenger and motor coaches in units of freight trucks	15,240
motor and trailer tramcars	143
locomotives	290
tractors	9,000
motor-lorries, motor-cars and motor-buses in motor-lorry units	14,000

agricultural machines to the value of 1,100,000,000 Kčs, especially:

machines for the cultivation and preparation of the soil		80,000
seed-sowing machines and drills		10,000
harvesting machines		24,000
harvest-processing machines		8,000
fodder-preparing machines		48,000
machine tools		12,500
electric motors up to 25 kilowatts		220,000
motor-cycles		50,000
bicycles		220,000
sewing machines		100,000
wireless sets		150,000
telephone apparatuses		75,000
electric bulbs		15,000,000
kitchen utensils	kgs	9,500,000

The production targets for the year 1947 are: 16,750 railway trucks, passenger and motor-coaches, in railway truck units; 230 locomotives; 5,650 tractors; 10,330 motor-lorries, motor-cars and motor-buses, in motor-lorry units; agricultural machines to the value of 1,000,000,000 Kčs including especially 72,000 machines for the cultivation and preparation of the soil, 9,000 seed-sowing machines and drills, 22,000 harvesting machines, 7,000 harvest-processing machines and 44,000 fodder-preparing machines.

e) *Chemical Industry, chiefly:*

synthetic engine fuels from domestic raw materials	69 %	more than present output
lubricants from mineral oils	130 %	
benzol and its homologous compounds	60 %	

phosphate fertilizers	380.000 tons
nitrate fertilizers	220,000 „
sulphuric acid	205,000 „
soda	102,000 „
staple fibre	11,700 „
artificial silk	6,800 „

In 1947, the production of lubricants from mineral oils is to be 103 % higher than present output, while the output of phosphate fertilizers and of nitrate fertilizers is to be increased by 380,000 tons and 129,000 tons respectively.

f) *Glass Industry, chiefly:*

hollow glass	126,420 tons
plate glass	15,990,000 m²
small glassware	12,520 tons

The planned production of plate glass in 1947 is 17,310,000 m².

g) *Building materials and ceramic industries, chiefly:*

cement	1,250,000 tons
bricks	835,650,000 units
tiles	133,000,000 „
lime	648,000 tons

For the year 1947, the production targets are: 1,050,000 tons of cement; 572,650,000 bricks; 110,000.000 roofing tiles; 580,800 tons of lime.

h) *Paper Industry, chiefly:*

cellulose	205,000 tons
paper	197,000 „
pasteboards	59,200 „

i) *Wood Industry, chiefly:*

sawn timber from coniferous and broad-leaved woods	2,828,000	m³
plywood	59,000	m²
unseasoned sleepers	169,000	m³
veneers	5,874,000	m³

j) *Textile and Clothing Industry, chiefly:*

cotton yarn and vigogne yarn	58,200,000	kgs
combed yarn	4,370,000	„
carded yarn	15,620,000	„
linen yarn	9,400,000	„
woollen textiles	14,800,000	kgs of yarn
cotton textiles with admixture of artificial silk	50,200,000	„
jute textiles	17,000,000	„
linen textiles	9,500,000	„
41,500,000 knitted and woven goods	9,800,000	„
stockings and socks	55,200,000	pairs

k) *Leather and Rubber Goods Industry, chiefly:*

footwear	pairs	45,520,000
tyres for bicycles and motor-cycles		3,275,000
tyres for motor-cars and motor-lorries		650,000

Certain Branches of the Food-Industry:

l) *Sugar Industry, chiefly:*

refined sugar	672,000	tons
molasses	158,000	„

m) *Flour-milling Industry, chiefly:*

Mill-products of wheat and rye	1,884,000	tons

n) *Food-processing Industry, chiefly:*

artificial edible fats	70,000 tons
butter	50,000 „

In the year 1947, the production of butter is fixed at 47,500 tons.

o) *Brewing and Malting Industry, chiefly:*

malt	268,000 tons
beer	8,600,000 hectolitres

p) *Distilling Industry, chiefly:*

distilled spirits in general	650,000 hectolitres

§ 3

Agriculture

(1) In agriculture, the measures planned are such that yield per hectare and the yield of animal produce should approximate to the figures given below:

	1947	1948
wheat	1,474,900 tons	1,484,600 tons
rye and mangcorn	1,278,200 „	1,187,100 „
bread grains total	2,753,100 tons	2,671,700 tons
barley	1,056,200 „	1,122,500 „
oats	935,200 „	1,034,000 „
maize	283,000 „	277,600 „
pulses	56,900 „	55,300 „
potatoes	9,144,100 „	8,781,600 „
sugar-beet	4,826,800 „	4,719,200 „
oil-yielding plants	165,000 „	165,000 „
fodder crops	5,716,000 „	5,953,900 „

	1947	1948
beef	140,200 tons	160,400 tons
pork	199,100 „	266.300 „
lard	40,100 „	53,300 „
milk	5,640,000 hl	32,359.000 hl
eggs	1,025.000,000	1,172,100,000

(2) It is planned to increase the number of fruit-trees by 15 %.

§ 4

Building Industry

The following will be the chief tasks delegated to the building-industry:

a) the renewal or erection of 125,000 dwelling-house units at an expenditure of 14 milliard crowns;

b) reconstructional work on damaged public buildings at an expenditure of 1,300 million crowns; the completion or erection of public and other buildings at an expenditure of 2,370 million crowns;

c) the re-conditioning or completion of roads and bridges under construction by Government and local authorities, at an expenditure of 3,980 million crowns;

d) the carrying out of water works and water-utilization works at an expenditure of 2,550 million crowns;

e) the carrying out of building contracts for industry at an expenditure of 7,530 millions crowns;

f) the carrying out of building contracts for agriculture at an expenditure of 1,540 million crowns;

g) reconstructional work on war-damaged railways as well as general reconstructional and railway development work at an expenditure of 4,470 million crowns;

h) the continuation or the completion of railway development work at an expenditure of 1.150 million crowns;

5

i) the carrying out of building contracts for road, water, air, and postal transport at an expenditure of 840 million crowns.

§ 5

Transport

In order to reach the target fixed by the Two-Year Plan, the following main tasks must be accomplished:

1. Rail Transport:

a) the augmentation of rolling stock by 300 locomotives, 250 railway motor-coaches, 17,090 freight trucks, 700 passenger coaches; the provision of the municipal tramways and suburban railways with 123 new motor-coaches and 123 trailer coaches; preparations for the serial production of standardized container transport;

b) the renewal and modernization of the security and signalling installations on the railways at an expenditure of 200 million crowns;

c) the renewal and modernization of railway-workshop equipment, at an expenditure of 100 million crowns;

d) the development and equipment of the Košice—Bohumín line, so as to increase its transport capacity by 50 % as compared with 1937.

2. Road Transport:

a) the putting into service of 1950 new motor-buses and 200 trailer coaches, for passenger transport, and of 2,400 motor-lorries and 700 trailers for goods transport; preparations for the serial production of special motor container transport;

b) the erection of garages and motor-servicing stations, at an expenditure of 150 million crowns.

3. Water Transport:

a) the putting into service of 45 new freight barges and 4 river-tugs; the re-conditioning of the fleet of river vessels damaged or allowed to fall into disrepair as the result of the War;

b) the completion of constructional work in the Bratislava and Komárno harbours.

4. Air Transport:

a) the putting into service of an additional 50 transport aircraft;

b) the development and improvement of the airports, especially in Prague-Ruzyň, Brno-Černovice, Bratislava-Vajnory and Poprad and their supplementary equipment; the commencement of work on two new airports in Brno-Tuřany and Bratislava-Ivánka respectively.

5. Postal Transport:

a) the restoration of the technical installations of the postal services to pre-War efficiency standards, and the full restoration and expansion of the telecommunication services, at a total expenditure of 933 million crowns;

b) the bringing up to full strength of the fleet of postal motor delivery-vans and the up-to-date equipment of motor delivery-van servicing workshops, at an expenditure of 140 million crowns.

Section III

Investment Programme of the Two-Year Plan

§ 6

(1) Within the framework of the Two-Year Plan, an investment programme is comprised entailing a marginal expenditure of 69.88 milliard crowns.

(2) This sum is to be assigned to the different branches of our economy in the following way (in milliards of crowns):

a) factory and workshop production (including 2.75 milliard Kčs for food-production industries)	25.38
b) agriculture	5.21
c) transport	15.09
d) housing (including repair of war-damaged dwellings and erection of new dwellings)	14.00
e) public-works projects for the development of land, waterways, transport etc.	10.20

These sums include investment in the various departments of central and local authority administration as well as in state, nationalised and private enterprise.

(3) Investment programmes not included in the Two-Year Plan can be carried out in the years 1947 and 1948 only in as far as the necessary raw materials and labour can be provided from local resources without drawing on raw materials and labour required for the tasks laid down by the Two-Year Plan.

Section IV

Economic Development of Slovakia

§ 7

(1) The extent of Slovakia's participation in the investment programme is represented by the marginal sum of 22.14 milliard crowns.

(2) This sum is to be assigned to the various branches of Slovak economy in the following way (in milliards of crowns):

a) factory and workshop production	6.80
b) agriculture	2.10
c) transport	4.71
d) housing (including repair of War-damaged buildings and erection of new dwellings)	4.80
e) public-works projects for the development of land, waterways, transport, etc.	3.73

(3) The scheme for the transfer of plant and machinery for factory and workshop production from the Czech Lands to Slovakia will be completed on a scale sufficient to provide employment for 26,000 persons.

Section V

Aid for Economically Little-Developed Districts in the Czech Lands

§ 8

(1) Industrial enterprises will be transferred to, and, in certain cases, established in the south of Bohemia, in the districts of the Middle Vltava, in Podbrdsko, in the Czecho-Moravian Heights, in Valašsko and Slovácko, where local resources of basic materials and labour can be drawn upon.

(2) The investment programme of the Two-Year Plan provides for a marginal investment of 4,950 milliard crowns in these districts.

(3) In order to ensure the full exploitation of lignite, petroleum, and other natural resources, fact-finding surveys, analyses and research work will be carried out, and schemes projected for the creation of new power-supplies.

Section VI

Some Conditions for the Success of the Two-Year Plan

§ 9

National Mobilization of Labour

(¹) In order to accomplish the tasks laid down in sections I—V, the process of directing and distributing labour must continue; about 270,000 additional persons will be directed into industry; about 90,000 into the building industry and about 230,000 into agriculture and forestry. At the same time, the conditions will be regulated for increasing the average output per man-hour by 10 % as compared with the year 1937.

(²) To this end, the following measures will be adopted;

a) persons who can be dispensed with in their present place of occupation will be transferred to branches of employment where they are urgently required;

b) qualified workers will be gradually returned to the occupations for which they have been trained;

c) the 'follow-up' of young workers will be directed into the different trades and occupations, in accordance with the Plan;

d) persons capable of work who have, up till now, not been productively employed will be absorbed into the industrial process;

e) the number of women in employment will be increased;

f) suitable employment will be found for persons of impaired working capacity;

g) re-immigration of co-nationals will be actively encouraged;

h) work-competitions will be organized.

(3) The mobilization of workers will be, as far as possible, on a voluntary basis. If, however, this method should not produce the requisite labour, the deficiency will be made good by putting into force the legal provisions relating to obligatory employment.

(4) All employers, including Government and local authorities, public corporations, institutes and individuals will be called upon to employ labour economically; the qualification and function of employees must be correlated to ensure a maximum of efficiency, while departmental organization and co-ordination must reduce the number of appropriately qualified workers and the number of working hours required to carry out specific tasks and functions to the minimum compatible with efficiency.

(5) All employers, including Government and local authorities, public corporations, institutes and individuals, will endeavour to carry out transfers as rationally and with as little hardship as possible to those affected, and so as to ensure a decent standard of living for the worker.

(6) The fair adjustment of working conditions, salaries, wages and prices in all branches of economy and in all types of occupation is accepted as a basic assumption.

§ 10

Export Trade

Export trade will be organized and directed so that the realization of the tasks defined in the Two-Year Plan may be assured. Detailed instructions will be issued by the Government in the form of orders and regulations.

§ 11

Research Work

Technical and scientific progress will be actively encouraged by the provision of the equipment and financial means necessary to the carrying out of research work, and by the assignation of special research tasks from a unified point of view.

Part II

The Operation, Realization and Control of the Two-Year Plan

§ 12

(1) Within the framework of the Two-Year Plan, the Government defines more precisely the individual tasks to be accomplished by the various sections of our economy, makes the necessary financial appropriations for their execution, and determines the manner of their distribution.

(2) The time limits set for the completion of the individual tasks comprised within the Two-Year Plan are such as to allow the unimpeded realization of the total plan within the scheduled period and sufficiently flexible to allow due consideration to be paid to the financial capacity of the State and the foreign currency balance of Czechoslovak economy. At the same time harmonious adjustment must be secured between the tasks of the Two-Year Plan and the fluctuating demands of foreign trade.

§ 13

(1) The Government Presidium*) will, in the interests of the administrative unification of the Two-Year Plan, watch over its execution, control its realization and report to the Government on its progress.

(2) The regulations appertaining to the control of state and other public economy, property and debts remain unaffected.

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*) Prime Minister and Deputy Prime-Ministers.

§ 14

(1) The Constitutive National Assembly shall elect, on the principle of proportionate representation, a Commission of 36 members for the control of the operation of the Two-Year Plan.

(2) The Government must submit a report to the Constitutive National Assembly on the operation and rate of realization of the Two-Year Plan, and that, regularly, every quarter, or whenever the Commission set up under clause 1 of par. 14 should demand that it do so.

§ 15

(1) The execution of the Two-Year Plan calls for the concentrated effort of the whole community and, therefore, any person soever entrusted with a task contributing to that end, is under the obligation of carrying it out conscientiously and economically, within the limits of his personal and social circumstances and his economic capacity. He is thus responsible for the economic use of basic materials, power, means of production and labour and for the economic necessity and expediency of investments as well as for the maintaining of the normal quality of products and their systematic improvement.

(2) Full equality is guaranteed to all forms of enterprise,—whether Government or local authority, national, co-operative or private enterprise—in the carrying out of the Two-Year Plan, by according to all the same opportunities and conditions for the development of their economic activities.

Part III

Authorization of the Government

(1) The Government can, through the issue of orders and regulations, take any measures necessary to the reali-

zation of the tasks laid down in the Two-Year Plan, in as far as they do not necessitate the making of any new law.

(²) Measures of an economic nature, which may normally be initiated by individual ministers, are subject, in as far as they affect the carrying out of the Two-Year Plan, to the approval of the Government Presidium.

(³) Should any substantial change take place in the premises on which the Two-Year Plan was based or should any other reason of sufficient importance be brought forward, the Government may re-define the tasks and modify the measures for the execution of the Two-Year Plan (as laid down in §§ 2—8) by the issue of pertinent rules and regulations.

(⁴) The Government will lay down the manner in which the material resources are to be employed for the realization of the basic tasks of the Two-Year Plan or for the component tasks, which may, again, be redistributed, as provided for in § 12, in as far as these resources are not exhausted as the result of their employment in an economically more advantageous manner, or for other reasons.

Part IV

Concluding Enactment

This law comes into force on the day of publication and will be implemented by all members of the Government.

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THE FIRST CZECHOSLOVAK ECONOMIC PLAN

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